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ABSTRACT

The document reports on a 1976 conference discussing critical issues related to income maintenance and full employment. The objective is to explore the persistence of inequality and want in America and the issue of achieving more equality through income maintenance programs and full employment. Major topics include values issues; income maintenance as related to the shortcomings of the current system, its implications and practicalities; attitudes necessary for change; and suggested strategies for change. Conclusions show a need to heighten public awareness of the inequitable distribution of income and wealth, the necessity of dealing with full employment and income maintenance programs in an integrated way, a need to redesign current means of providing income support and jobs, and a need for leaders who promote cooperative values. Speeches are entitled: "Recent Welfare Reform Efforts," "Income Equality - Tax Exemptions and Tax Credits," "The Welfare Mess - Underlying Value Assumptions," "Political Prospects for Full Employment and Income Maintenance Legislation," "The Politics of Full Employment," "Implications of Welfare Reform," "Full Employment Legislation," "The Persistence of Inequality," "Extending Employment Opportunities - Who and How?" and "Increased Employment - Private Sector Initiatives." A bibliography concludes the report. (Author/CK)

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FREEDOM FROM WANT:

TOWARDS MORE EQUALITY

Proceedings
of the
Conference on
Income Maintenance
and
Full Employment

Co-sponsored by:

Seattle Urban League
A.D.C. Motivated Mothers
Central Area Civil Rights Committee
Church Council of Greater Seattle
League of Women Voters of Seattle
League of Women Voters of Washington
Seattle-King County New Careers Project, Inc.
Tacoma Urban League
University of Washington School of Social Work
Washington Association for Social Welfare

SO 011 890

INTRODUCTION TO SECOND EDITION

Jerome W. Page

I am very pleased that there has been such demand for the proceedings of the Freedom From Want conference that a second edition has been printed. The topics of the conference are even more timely now than they were in 1976. Full employment and welfare reform are the most critical issues facing the nation today.

The Seattle Urban League is very proud to have set the pattern for other Urban Leagues throughout the country to hold conferences and publish material dealing with these crucial topics.

This second edition has been made possible courtesy of Safeco Insurance Company and the Washington Commission For The Humanities, to whom we are indebted.

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ELIZABETH PIERINI, Conference Chairperson
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The conference was held
April 23 & 24, 1976

Underwritten in part by a grant from

THE WASHINGTON COMMISSION FOR THE HUMANITIES
A STATE PROGRAM OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES

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BONNIE JEAN LEARY, Instructor of Philosophy, Edmonds Community College

JOSEPH L. MC GAVICK, Regional Commissioner of Social and Rehabilitation Services, Region X, Department of Health, Education and Welfare

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PREFACE

On April 23rd and 24th, 1976, two hundred and seventy people met together to discuss the critical issues related to income maintenance and full employment in the Freedom From Want: Towards More Equality conference.

The conference was sponsored by the Seattle Urban League and nine co-sponsoring organizations. Funding was obtained from the Washington Commission for the Humanities "to explore the persistence of inequality and want in America" and the issue of achieving more equality through income maintenance programs and employment.

The co-sponsoring organizations were the Central Area Civil Rights Committee, the Church Council of Greater Seattle, the League of Women Voters of Seattle, the League of Women Voters of Washington, the Motivated ADC Mothers, the Seattle-King County New Careers Project, the Tacoma Urban League, the University of Washington School of Social Work, and the Washington Association For Social Welfare.

The conference brought together academic humanists, program administrators, public and private sector economists, low income persons, students, and interested citizens. Ninety-seven of the two hundred and seventy persons present completed the conference evaluation form. The profile of these ninety-seven persons gives some idea of the mix of persons who attended.

65% were female; 35% male.
88% were between 26 and 65 years old.
70% were white; 30% non-white.
58% had more than four years of college; 16% a college degree, and 21% some college.
The majority were from King County.
People identified themselves as affiliated with:
Business - 5%
Labor - 5%
Government - 24%
Students - 21%
Low income - 27%
General public - 31%
Church - 15%
Education - 15%

One third identified themselves as affiliated with more than one category.

The issues examined during the conference impacted the wider community via rebroadcast of a number of the speeches on local radio stations KUOW and KZAM.

77% of those who responded indicated that they wished to meet subsequent to the conference to plan how to take action to promote full employment and a more equitable income maintenance system. The conference was viewed as just a beginning.

The proceedings which follow are presented with a minimum of editing in order to preserve the flavor of what took place during the two days. Hopefully, this volume will stimulate a further exploration of the important issues raised here.

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SUMMARY

Kathleen B. Thode

The Freedom From Want: Towards More Equality Conference focused on income maintenance and full employment since freedom from want is achieved for most of us through jobs or through some income support system. The sponsors believed that it is impossible to deal with the issue of income maintenance without addressing the question of full employment. In a society which puts such emphasis on the work ethic, work is inextricably connected with welfare.

The conference sponsors sought not only to provide a historical backdrop against which to explore current proposals to reform welfare and provide full employment, but to examine these issues in terms of underlying values. They hoped that the conference would make explicit the value assumptions which lead people to arrive at divergent conclusions about income maintenance and full employment programs, and to explore such questions as what responsibility government has to provide income security for its citizens; whether tax policy should be used to promote income redistribution, and what the relative responsibility of the public and private sector is for providing jobs.

The mix of speakers, which included scholars, program administrators, public and private sector economists, and a representative of the Welfare Rights' Movement, brought a wide diversity of experience and viewpoints to these subjects. The speakers did make explicit the value questions which must be considered if the persistent inequality in income distribution in this society is to be redressed.

In addition, the speakers addressed the shortcomings of the current income maintenance system and provided specific recommendations for reducing

the income gap. They examined what full employment means, whether it is feasible, its potential benefits, and offered varying viewpoints about how to achieve an improved income support system and jobs for all who want to work.

THE VALUE ISSUES

Lisle Carter, Chancellor of Atlanta University Center and formerly Assistant Secretary of the Department of Health, Education, and Welfare, set the stage for discussing the value questions. He suggested that "we are condemned to stalemate" in dealing with the issues of jobs and income maintenance unless "we bring values we scarcely recognize to bear on the questions posed by the conference with respect to Freedom From Want: Towards More Equality."

Carter went on to point out that while economists assume that society will protect the order which permits us to do those things which we consider to be in our own interest, including competition for material things, "none of us owns anything but to the extent the rest of us consent to that ownership". The order of distribution of resources would be quite different without this social consent.

This same theme was picked up by Abraham Keller of the University of Washington, Romance Languages Department, in a vignette from Michel de Montaigne about an Indian from Brazil visiting France who indicated that the thing that struck him most about France was that so many people who have too little to eat don't cut the throats of their richer halves. In this country, he said "those people would long ago have been cooked and eaten". As Professor Keller said, you can also think of it as "haves".

Suzanne Barnett, University of Puget Sound Chinese historian, presented a similar perspective in observing that "previous to the revolution that was brought to fruition in 1949, and the early 1950's under Chairman Mao, China had a system of very great inequality. The differences that move from inequality to equality-that is the revolution".

That the current organization of employment and income support systems in the United States provides significantly unequal treatment of the poor and minorities was not disputed by any of the speakers.

Bonnie Jean Leary, Philosophy Instructor at Edmonds Community College, presented a closely reasoned argument providing a philosophical justification of the necessity for preferential treatment in order to establish more than formal equality. She pointed out that a standard of living barely above subsistence level and lack of quality educational and job opportunities can scarcely be justified in a society where there is an overabundance of such goods. A somewhat different perspective was offered by Robert Coburn, Professor of Philosophy at the University of Washington in suggesting that although income maintenance programs are very important in serving the interests of liberty, that transfer programs which redistribute income to the rich may serve other important goals.

Lisle Carter argued that justice requires that there must be a minimal level of social commitment, "some 'non-bargainable rights' to which every citizen in the United States is entitled, which are not to be fought over in the competitive arena, which satisfy not just our needs but our wants". He pointed out that transfer payments are made to many non-needy persons through what Richard Titmuss called the fiscal and occupational welfare systems. Transfer payments to poor people are at the bottom of the scale of this welfare class system in terms of how they are viewed by the public. Carter suggested that any reform of this system should be one which integrates the three classes

of welfare and one which emphasizes communal and cooperative values. A similar theme was enunciated by Suzanne Barrett who pointed out that the revolution, i.e., the move from inequality to equality in China, was buttressed by an emphasis on collective freedom as contrasted with our view of freedom as an individual right.

INCOME MAINTENANCE

SHORTCOMINGS OF THE CURRENT INCOME MAINTENANCE SYSTEM

The opening speaker Joe McGavick, Commissioner of Social and Rehabilitation Services for Region X, Department of Health, Education, and Welfare,* described the shortcomings of the current income maintenance system which does not provide help to many people who are desperately needy and which strips away their privacy from those who are eligible and forces them to consume their assets. The disfunctional effect of this latter requirement was elaborated by Kathy Briar, Social Work Coordinator for Edmonds Community College,** who described the impact of economic insecurity on families.

McGavick's concerns were echoed by Walt Williams, Frances Piven, Minor Baker, and others. Piven, Professor of Political Science at Brooklyn College, City University of New York,*** described in dramatic and forceful terms the "system of medieval awfulness" which is the American public welfare system. Leola Woffort, representative of the Motivated ADC Mothers said that being on welfare was a nightmare, like watching one of those late, late movies that you wouldn't even pay to go to see for "people who had one thing in common, not enough money".

LINK BETWEEN INCOME MAINTENANCE AND EMPLOYMENT

McGavick challenged the conference to consider the need for a personal private-government partnership to assure personal freedom and dignity. He suggested that "private employment can end the tyranny of welfare systems by restoring personal freedom of choice".

Although Lisle Carter agreed that jobs are the best way to satisfy the needs of individuals and families he found the history of the last decade not encouraging in finding jobs as the principal way in which we are going to deal with the problem of assuring minimum needs in this society. "While we all agree that the provision of ... work is the best way to assure social justice and income, ... we seem now to be accepting a majoritarian preference for less inflation paid for by the unemployment and poverty of a significant segment of our society but a segment of the society which is obviously too small and too powerless to influence a different outcome." And Ron Brown, Washington Bureau Director of the National Urban League pointed out that the assumption that "all income transfer recipients are able-bodied and fully employable individuals who are merely lacking a good dose of the work ethic" is nonsensical.

Sumner Rosen, Professor of Economics at the Columbia University School of Social Work, asserted that "one cannot deal with the issue of income maintenance without dealing with the issue of full employment; ... as long as we categorize people in the labor market in different ways with different degrees of eligibility, different degrees of need, we are going to have

* Mr. McGavick served his last day as Regional Commissioner on April 23, the day of the conference.

** Kathy Briar is currently teaching at the University of Puget Sound.

*** Dr. Piven is currently Professor of Political Science at Boston University.

different kinds of income maintenance programs, we are going to have categorical programs, we are going to divide people from one another and we are going to blunt any effective political organization to deal with the issue of income overall".

Robert McPherson, Director of the King-Snohomish Manpower Consortium, made explicit the connection between a full employment policy and income maintenance. "...private plus public sector opportunities should provide jobs for all of those involuntarily unemployed. I will subscribe to that position so long as we continue to link income and jobs. When we are willing to separate the two, I will change my position." ..."Millions of unemployed people are seeking work primarily, I think, if we were honest, for the purpose of earning income. Until we are willing to share the income transfer advantages and techniques available to the wealthy and enjoyed by the wealthy, I advocate that we owe them a job." Miner Baker, Vice President and Economist for Seattle First National Bank, concurred that "the economic system should be able to provide employment for substantially all of those who are able and willing to work. It should also provide a floor of economic security for those unable to work, unable to find work, or even plain unwilling to work."

ALTERNATIVES-INCOME MAINTENANCE

The work-welfare connections enter significally into the kind of alternatives which are proposed, particularly with respect to the assessment of what is politically feasible. Walt Williams, University of Washington Professor of Public Affairs, clearly portrayed this in an incisive history of the decade of efforts to pass a negative income tax. He pointed out that the whole work-welfare issue was a key agenda item held over from the battle over HR-1, the last "welfare reform" measure to be considered by the Congress.

Another yet to be resolved issue is the whole rights versus needs versus efficiency problem which affects whether one opts for a negative income tax or a tax credit alternative. Williams argued that "building on it (the current system) makes no sense at all" and "only a throwing out of most of the present structure, i.e., welfare and food stamps, and a substitution of a single major program, such as Negit (negative income tax) will remove the bad features of the current system." Williams expressed the view that although a straight negative income tax always has the danger of stigmatizing the group that qualifies, "The critical question is what is politically feasible." He questioned whether an overhaul of the income tax system on the order required by a tax credit plan is feasible.

Lisle Carter described the tax system as the way society attempts to deal with some of the inequalities of the economic system. He supported the National Urban League's Tax Credit Proposal because it "speaks to both social and procedural justice in the amount and in the way that these benefits are made available and it appeals to essential order". It meets the test of a program which would tend to "reduce the division among the classes of welfare" and would emphasize "cooperative and communal values". Miner Baker supported the Urban League proposal but hoped, "the additional income required would come out of growth in the economy rather than simply out of redistribution".

Frances Piven described the Urban League's Plan as "more humane and bolder in its acknowledgment that the most important problems that we have to solve in the United States are not in the welfare system but in the economy, an economy that has never provided enough jobs at decent wages for many of the people that we harass and berate for not being willing and able to work."

However, she suggested that the code words invoked to justify new blueprints, the code words of "consolidation", "coordination", and "effectiveness" merely mask an "impulse to restrict welfare benefits in a variety of ways, mainly by eliminating what is called 'program overlap' thus ensuring that none of the poor get benefits from more than one program; and strengthening 'work incentives' which means to ensure that people will be forced into the low wage labor market because they cannot get enough from the benefit programs. The justification for this latter kind of 'reform' is presumably the 'inequity' resulting from the current welfare system, but this concern is not with the inequity between the rich and the poor, but with the inequity between the working poor and the non-working poor. For these reasons, many of the proposals ought to be feared and not supported."

That this fear might have some basis in fact was suggested by Walt Williams' description of the lessons to be learned from the battle over the Family Assistance Plan. "First, the battle over FAP showed the many flaws in the present set of overlapping, uncoordinated, and often conflicting income maintenance programs...Others found that the various program overlays appeared to produce too much transfer income for some groups."

Regardless of whether or not one agrees that a negative income tax is the answer, there was agreement that none of the available proposals would be a panacea. Williams, Carter, Baker and Christopherson all pointed out the difficulties inherent in either a negative income tax or a credit income tax with respect to loss of benefits for some beneficiaries, differentials in payments, problems with accounting periods, and non-responsiveness, as well as the increased tax burden on the middle class. Gary Christopherson, Project Director of the Seattle Income Maintenance Experiment, suggested there was virtue in the Urban League's proposal to maintain unemployment compensation in conjunction with a tax credit system since this would serve to modify the problems of non-responsiveness. Charles Morris, Secretary of the State of Washington Department of Social and Health Services,* suggested that the increased tax burden on the middle class would generate resistance to any credit income tax plan.

Leola Woffort, Board Chairperson of the Motivated ADC Mothers reflected the concern of clients when she said: "We're talking about income maintenance. We're talking about helping other people. We're talking about getting them an adequate income or a guaranteed income so they will be able to help themselves, to help their children, their children's children. I hope while we are speaking about this we are talking about putting some dignity in, love, kindness. We've had too much bureaucracy and red tape now."

Suzanne Barnett alluded to the same concern when she suggested that "we've got to humanize the bureaucracy and...we could learn from the Chinese in that respect. There, bureaucrats are just not allowed to get too distant from the kinds of problems they work with..."

FULL EMPLOYMENT

IMPLICATIONS OF FULL EMPLOYMENT

Norward Brooks, Washington State Commissioner of Employment Security, painted a sobering picture when he said that minorities had full employment, i.e., slavery and that they have moved only slightly beyond that to becoming indentured servants. He contended that unless there is a real effort to open up jobs at all levels to minorities, full employment only means the opportunity

* Charles Morris is currently working with the Vera Institute in London, England.

to occupy the low level jobs that no one else in society wants. He was concerned that "as we provide more jobs and as we insist that the jobs be filled with the best qualified person, what we are doing in fact is increasing the income of the middle and upper classes" since a high percentage of the jobs will be filled by working wives from upper income families.

Sumner Rosen, responding to Brooks, indicated a concern "about a scenario that pits minorities against other members of the working class and divides those who have common stakes...We have to think about what unites people around the issues of power and control and not around the issues of what divides people."

The issue of power and control - public versus private sector responsibility is a key issue in what is meant by full employment. Rosen sharply focused this in his description of three meanings of full employment, the "minimalist", the "liberal", and the "serious" versions.

The "minimalist" version, which would find acceptance from leaders of both political parties, would not disturb the public-private sector balance. Manpower programs would serve as artificial absorbers of surplus workers and the private sector would be actively involved in and rewarded for training and hiring workers.

The "liberal" version, reflected in the Humphrey-Hawkins bill, would have a commitment of public jobs as kind of a last resort, reasonably available whenever unemployment levels rose enough to tip the balance and trigger such activities. This version would also preserve the present balance between the public and private sector.

The "serious" version, would involve "the deliberate and steady expansion of the social or public sectors as a matter of choice". Public jobs would be available not only to absorb the surplus labor force but to deal with imbalances by area, particularly the problems of the central cities, the problems of obsolete economic areas and sub-areas..."

Robert McPherson amplified what this would mean in suggesting that "for the kinds of people and the kinds of unemployment we are talking about, the government in many cases, should be the employer of first opportunity... not of last resort." McPherson pointed out the value options which are currently expressed by the federal government investing $20 billion in unemployment insurance and only $2 billion in public job creation.

Another value question related to the different meanings of full employment is whether full employment would involve any significant redistribution of income or wealth. This is seen as irrelevant to the target of full employment in the "minimalist" and "liberal" versions of full employment. But Rosen argued that justice cannot be done to the issue of full employment without addressing the question of the concentration of economic power and the pattern of inequality of wealth and income. The "serious" version of full employment would directly address the source of inequality in the control of wealth. This version would involve a significant amount of economic planning linked to control of capital investments, and the location of economic activities to meet social needs, financed by taxation, calculated to reduce private spending. It would "publicize and politicize the priority making process in this society, taking it away from private hands." Rosen pointed out that components of the "serious" version of full employment are to be found in the economic arsenal of many major western industrial nations.

IS FULL EMPLOYMENT PRATICAL?

There was agreement among several speakers that full employment is

possible if there is a commitment to achieve it. McPherson agreed with Rosen that it would require manipulation of national fiscal and economic policy. Both he and Thaddeus Spratlen, University of Washington Professor of Marketing, agreed with the necessity for government to act as job guarantor. In addition, both re-emphasized the necessity of the affirmative action interventions which Rosen had indicated would be necessary to eliminate the unemployment of the secondary labor force.

Spratlen elaborated the importance of changing the attitude of acceptance of dual standards for whites and non-whites and emphasized the necessity of dealing with the exclusionary use of credentials, experience, testing, sexism, and elitism which perpetuate a permanent employment gap for minorities and women. The recurrence of this gap, in spite of temporary gains resulting from Fair Employment orders and Equal Opportunity legislation was viewed by Norward Brooks as a "Second Reconstruction".

Brooks also suggested that the jobs which have been treated as degrading, such as cleaning the latrines, should be shared by those at the top of the economic ladder.

Related issues which were raised by conference participants in the discussion period had to do with the importance of changing the criteria for access to jobs so that they can be validated by the requirements of the job itself; redefining work to include the work performed at home by those who raise children, and the need to open up part time jobs.

Larry Flinn, Director of Public Sector Employment, indicated that there is an increased awareness within the business community that business must assume a greater social responsibility for the communities within which businesses operate and a commitment to help to solve the problem of unemployment.

McPherson pointed out that many middle class people get their first work experience in the public sector in District Attorney's offices, in the Public Health Service, etc., but suggested that we are not willing to share that opportunity with many people at the bottom end of the scale.

WHAT ARE THE BENEFITS OF FULL EMPLOYMENT?

The benefits that would accrue from a full employment policy of the "liberal" or "serious" kind, particularly for minorities and traditionally excluded groups, were elaborated by Rosen, Spratlen and McPherson. In addition, Rosen suggested that the "serious" version would move us toward a more ecologically based, resource conserving organization of economic life. Rosen also argued that, rather than fueling inflation as is usually suggested, full employment would reduce inflation. "What's interesting about these measures and those which I described earlier, is that not only do they improve equity but they are direct attacks on the problem of inflation because that problem is not a problem of bottlenecks or of fiscal recklessness, it's a problem of distortion, of imbalances, and one looks for ways to reduce those imbalances. Over the long run that's by far the preferred method to go in terms of dealing with inflation."

HOW CAN AN IMPROVED INCOME MAINTENANCE SYSTEM OR FULL EMPLOYMENT BE ACHIEVED?

A fascinating counterpoint of ideas about how we could move towards more equality emerged in the two days of discussion.

AN ATTITUDE OF CHANGE

A number of speakers felt that we must begin with an attitude of willingness to change and a commitment to a set of ideals. Suzanne Barnett expressed the view that the values in the Declaration of Independence and the Preamble to the Constitution are fiction for many Americans. The real task

is to bring life to those values.

John Junker, University of Washington Professor of Law, suggested that we ought to continue to assert the moral force of the egalitarian principle written into the 14th Amendment to the Constitution. "Equal protection will take us everywhere we want to go, when people are ready to see that equality means more than the kind of inequality that we have now. So the question is, when will people be ready to see that. And the answer is, when we demand to see that."

Abraham Keller was discouraged by the extent to which we accept unreasonable situations such as poverty when there is plenty, and spending enormous fortunes on armaments when there are useful and important things needed. He said, "I don't know what the solution to that is, but I think maybe being aware of it is a first step, just the way if you are sick, it is important first of all to realize that you are."

Mary Aldrich, Instructor of English at Seattle Central Community College, concluded that public attitudes towards welfare and warfare reflect an unfortunate shift in our values to the point where "we are accepting the values of the warfare minded that creativity lies in death and death dealing instruments rather than in life and the pursuit of better education, better housing, better transportation, better medical programs, better mental health, and promoting the general welfare."

Lisle Carter suggested that if the American people are given the facts about work and income they will be willing to live with less for a better quality of life and more stable society.

Suzanne Barnett pointed to the Chinese experience where the move towards equality came at the point where the Chinese populace "ceased to eat bitterness and began to speak bitterness", as the Chinese expression goes. Something of this same view was expressed by Piven in her description of how a reform in welfare practices occurred in the 1960's. "It (reform) was accomplished through the incredible transformation that occurred among the poor themselves, especially among the black and latin poor. It occurred because the poor began to think about their circumstances differently. Their attitudes, or their "consciousness" changed. They began to understand that the circumstances under which they lived, the poverty, the powerlessness, the degradation, the traumas which they suffered, were not right, that they were not to blame for them, that these conditions were somehow unjust. And they began to make demands."

STRATEGIES

In terms of the kinds of activities required to bring about change, Piven was not sanguine about the prospects for a renewed mass mobilization of people which she sees as the way reform is brought about in this country in contrast to those who think the way to get change is by lobbying for legislation.

The sharp contrast of views on this subject between Piven and Williams was discussed by other speakers. Junker agreed with Piven that "legislation only celebrates change and solidifies change that has already occurred in the social-political-economic structure in the country and that the way to get change is to demand it."

Charles Morris agreed with both Piven and Williams in stating that change results from "a combination of street work, legislative change, conscience pricking and on what happens to the overall economy, on how much

money we've got." Morris viewed the prospects for a reform in income maintenance as bleak unless military spending can be reduced since the middle class will resist an increase in their tax burden.

Leola Woffort thought the poor could make themselves heard at the ballot box but warned that people are tired of not having enough money and they are not going to wait indefinitely for change.

Sumner Rosen argued that mass turmoil results, not in progress, but in regression as illustrated by the description of events portrayed by Dr. Robert Burke, University of Washington Professor of History, in the fascinating historical overview of the events that led to passage of the Full Employment Act of 1946. A replay of the watering down of the job guarantee in the full employment legislation drafted in 1945 seems to be occurring as the Humphrey-Hawkins bill makes its way through the committees of Congress.

A number of speakers opted for the political-lobbying solution. Joe McGavick suggested that conference participants, by "arming themselves with hard facts and considered alternatives could be effective in creating an environment for change through the political process" and that the timing is appropriate in this presidential year.

Walt Williams also pointed out the importance of the early period of a new administration in recalling that President Nixon was sold on a negative income tax scheme early in his administration. Williams, however, feared a replay of the bitter fight over that plan unless there is a willingness to compromise and a level of statesmanship not found in the earlier period.

To that Piven responded, "I don't think it is a process of many groups sitting down with good will, good intelligence, and discussing what should be done. I think that American politics, like the American economy, is extremely unequal. When I talk about the American political process I don't say we decided, I say they decided, and then I worry about whether you, or I, or people who are even worse off than you or I are, are in a position to make enough trouble for them so as to force them to pay a little attention to us."

Ron Brown felt that we need massive public education, the development on the part of minority group and poor people of political power and activism, and building strong coalitions of people of good will, compassion, and common sense.

Sumner Rosen likewise emphasized the importance of a coalition of workers, those who have been disadvantaged by the present social and economic order, and those who are concerned and troubled by the way in which priorities are set in this society and the outcomes of that process. Spratlen likewise viewed the formation of coalitions to struggle for a more equal social order as necessary. He alluded to the need for leaders with vision, a theme also enunciated by Suzanne Barnett.

WHAT CAN WE CONCLUDE?

Although a wide range of opinions was expressed during the two day exploration of the issues relating to income maintenance and full employment, certain areas of agreement emerged.

Barnett, Williams and Burke hoped that we would profit from the lessons to be learned from past struggles for full employment, welfare reform and more equality.

Many speakers suggested that there is a need to heighten public awareness of the inequitable distribution of income and wealth. There must be a continuing reiteration of and committment to the ideals of equality and justice

and an attitude of willingness to change as prerequisites to moving toward a more egalitarian society.

The relation between full employment and income maintenance programs and the necessity of dealing with them in an integrated way was disputed by no one although one speaker suggested that it would be appropriate to separate jobs and income.

There was agreement that the current systems of providing income support and jobs are satisfactory to no one and are in drastic need of redesign. However, we must work to assure that any new system is more flexible and responsive to meeting peoples' needs and we must not permit program administrators to get too distant from the problems faced by program recipients.

It was recognized that no one alternative to the current welfare system would solve all the problems although there seemed to be agreement that one system, integrated with the income tax, offers a better solution than the current "welfare mess".

The speakers generally agreed that jobs are the best way to provide for peoples' needs and that jobs should be available to all who want to work.

There was no consensus of how to bring about full employment and a more equitable distribution of income although a number of speakers felt that coalitions of concerned people could bring about change through the political process. There was more optimism about the potential for passing legislation to achieve full employment than for welfare reform or the kind of tax reform needed to bring about any significant redistribution of income. Several speakers recognized that there will be resistance by middle income groups to financing an improved welfare system by adding to their tax burden. Other speakers suggested that cutting military spending is one of the ways to finance social programs as well as to express more life giving values.

The need for leaders with vision who could bring people together around cooperative values was commonly recognized as was the need for popular involvement in change. There was guarded optimism that people can join together to bring about a more equitable social and economic system in spite of pessimism about the recent anti-welfare campaign and the general acceptance of high unemployment as the price to be paid for less inflation.

Perhaps the most important contribution the conference made was one identified by a participant who said, "the conference gave me new energy to continue working."

WELCOMING REMARKS

Mark Cooper

I just want to say welcome. It's a wonderful morning and you have two full days ahead of you. The issues you will be considering are critical to assuring a better life for those who are traditionally excluded from the affluence of this society.

The Seattle Urban League is proud to be the first Urban League affiliate to carry out the recommendation of the delegates to the National Urban Conference that affiliates hold workshops to educate the public about the National Urban League Income Maintenance proposal, a generally misunderstood proposal whose time may be very near. Good luck and thank you for coming.

INTRODUCTORY

REMARKS

Joe McGavick

Last year was the fortieth anniversary of the passage of the Social Security Act--the modern start of social welfare programs. From that beginning, we have added a variety of programs through amendments to the Social Security Act and the separate initiatives of the basic labor laws, Economic Opportunity Laws, food and nutrition laws and civil rights legislation--all aimed at issues and programs designed to improve the human condition, positively affect human dignity and assure personal rights.

It is my belief these programs have been responsive to many of the observed and perceived needs of people facing personal crisis. It is my judgment each new law and each amendment has sought to improve responsiveness and workability of social service programs and correct defects or improve the scope of benefits. But something is desperately wrong. People still go hungry or undernourished; racism and sexism still deny people equal opportunity; some people still fall through the cracks--finding themselves desperately in need of help but unable to secure it; and able bodied men, women and youth desiring work in order to be self-sufficient still find the labor market unresponsive.

Our systems for granting cash payments to people are recognized by most government professionals to be process oriented--bogged down in ensuring people's privacy is stripped away and people's assets are totally consumed lest someone find the individual not deserving of aid.

From any reasonable standpoint, the welfare systems are a morass of forms, investigations, interrogation and intimidation of people who are in crisis. Those of you who saw the three hour film on New York City need no further evidence. Those who didn't should see it.

Our employment security programs pay benefits efficiently but are ineffective at job creation and job placement--and the system suffers from nearly the same shortcomings as public welfare. Our programs of food and nutrition are obviously too little and too late.

Today we're here to focus on the problem of income security and employment--and properly so since the ability to be self-supporting solves so many

of our other problems. Jobs, job creation, access, upward mobility, job security and job interest require thoughtful evaluation.

But jobs must provide sufficient income to ensure self-support is attained. The income from employment must provide sufficient earnings to ensure adequate shelter, nutrition and health care. And these requirements link the social welfare system with the free market employment system.

So over the next two days I challenge you to consider in your deliberations at least the following matters:

- Private employment can end the tyranny of the welfare system--restoring personal freedom of choice.
- Categoric welfare programs adversely impact on human dignity--they require the stripping away of privacy and, in the end, they cannot solve the problems of people.
- Supplemental public income maintenance payments may be needed for some low-paid jobs, but should not become a public subsidy to business--should not be allowed to support inadequate wages for work.
- Public support for social service programs is waning--but a majority are still willing to support programs which help people to overcome personal crisis. We must reinforce that slight majority and build a greater majority of people who believe in adequate assistance and recognize real need.
- A real issue exists around where should welfare be administered--federally or locally--and involved with this issue is the question of whether flexibility in program design is appropriate. Must Indians living on reservations or in western cities be treated by the same process as persons living in New York's ghetto? Can or should we develop a system which strives for administrative commonality at the expense of ethnic or cultural values?
- Conservatives have developed an expression some see as a code word. It is my belief that whatever else we think about the phrase "helping the truly needy" it sums up the majority attitude in this country and it is no longer a Republican copyright. It is espoused by Jimmy Carter and George Wallace; Scoop Jackson and Jerry Brown; Governor Walker as well as Governor Straub; Congressman Adams as well as Congressman Foley and has been locally endorsed by most state and local officials. Since these are among our leaders, we better pay heed by forcefully and effectively defining the term accurately.

Your timing is appropriate--in this presidential year, you are arming yourselves with reflective materials, hard facts and considered alternatives. By doing so, you may be effective in creating an environment for change through the political process--a change which improves the lives of people absolutely. When you have arrived at your conclusions one objective must be to get the message to your state legislators; your congresspersons and senators and your political party convention delegates for platform action. This is a presidential convention year and in the dearth of discussion about real issues this forum has the opportunity to create focus on these most important human welfare concerns.

I appreciate this opportunity to be with you. I am most impressed by your collective and individual talent and I look forward to your consensus. It is my hope that the war over meeting the needs of the poor can be

brought to detente so that we may move forward toward our goal of meeting the needs of people through a personal, private, government partnership of people directed toward true personal freedom and true personal dignity.

RECENT WELFARE REFORM EFFORTS

Walter Williams

To a large extent the story of welfare reform in the ten year period 1965-75 is the story of the struggle for a negative income tax. After a summer of furious activity, the Office of Economic Opportunity submitted to President Lyndon Johnson in October 1965 its first National Anti-Poverty Plan that contained a recommendation for a universal negative income tax for all of the poor according to the single criterion of need. So began the major bureaucratic/political struggle within the federal government for "Negit," as negative income tax schemes came to be called. The ensuing decade reached a dramatic climax in the congressional defeat of President Nixon's Family Assistance Plan (FAP) and a modified version of FAP referred to as H.R. 1. Even though Congress twice rejected a negative income tax scheme for families with children, it did enact four pieces of legislation that have important components of the original OEO Negit proposal -- the Welfare Amendments of 1967, the 1971 amendments to the Food Stamp Act, Supplemental Security Income (SSI), and the so-called Long amendment providing a one-year work bonus to low income families.

In this very brief history of the past decade in which obviously I must pick and choose, I feel I should tell you quickly where I am coming from and where I stand. James Lyday and I were the two Office of Economic Opportunity analysts working on the transfer payment segment of the first anti-poverty plan. Given this background, you may need to apply a small correction to my biases on the historical importance of the negative income tax. Where I stand can be set out by four sets of statements that in many respects summarize the past decade.

First, we are still a long way from an humane, adequate, equitable and efficient income maintenance system that brings about a significant redistribution of income. I, and probably most of the people in this room, want

such a system. However, it would be a mistake not to recognize the significant changes of the last decade. As will be discussed, we have improved the overall income maintenance system--albeit, starting from a very low base. And certainly the system has grown massively in size. From a program of a few billion dollars in 1965, welfare including medical payments, SSI and food stamps now total well over $30 billion a year--that's a lot of money.

Second, we have come to see how badly the present overlapping hodge - podge of programs work. Even though divergent interests now block major changes, the current system has few friends. This politically unacceptable system exists suspended on a bitter political stalemate.

Third, no marginal or incremental add-on to these programs is likely to get us away from the basic technical and political problems of the current programs. Only a throwing out of most of the present structure (e.g., welfare and food stamps) and the substitution of a single major program such as Negit will remove the bad features of the current system. Moreover, these improvements are within our technical capabilities--we do have the "technological fix" in the sense that a much better--but not perfect--system is possible.

Fourth, the main barriers to change are ideological and political. None of the available reforms--be it a straight negative income tax or a close cousin such as the Urban League's recommended tax credit--can satisfy all parties. There is no magic that will insure broad adequacy without loss to any beneficiary, no cheating, lower costs, etc. There must be some give and take among those with different views. With some reasonableness and a willingness to compromise in the good sense of that word, we can move toward a sound income maintenance system. But I am hardly bullish at this point.

The history of the last decade tells us much about the problems of making this move. Let us turn to that history.

The Johnson Years

When OEO analysts began looking at income maintenance programs in the summer of 1965, even the simplest scrutiny showed grave deficiencies in the overall transfer payment structure. It was a system characterized by large abuses and relatively small payments in most states. In light of these grave deficiencies various scholars began investigating possible alternative income maintenance programs. One of the most appealing of the alternatives was a simple negative income tax program which would provide coverage for all family units and persons below some specified income level (perhaps, the poverty line); determine eligibility by means of a simple income declaration, much like a federal income tax form; and encourage work more than public welfare through a less than 100 percent tax rate (the negative tax).

In its simplest form, the negative income tax has three main elements: the break-even income which is the level at which no more tax benefits are received, the tax rate, and the guarantee level which is the amount of tax allowance at zero other income. Any two of these determine the third. For example, if the break-even income is $3,000 and the tax rate 40 percent, the guarantee would be $1200--the tax rate times the break-even income. Earnings are reduced by the tax rate. If the income unit earned a thousand dollars, it would be "taxed" $400 in that the tax allowance would be reduced by that amount. The unit would then receive the $800 allowance plus the $1000 in earned income for a total income of $1800, thus keeping $600 from labor. The less than 100%

tax rate means that the income unit always benefits from labor--the lower the tax rate, the greater the incentive to work.

At OEO in the mid-sixties there developed an acrimonious debate over how welfare should be reformed. The choice was between the negative tax and a family allowance system that would pay every family in the United States a specified amount of money per child. Lined up in a solid front were the economists on the staff, including myself, who argued 1) the negative income tax with its income test was the most efficient means of getting money to the poor and 2) any realistic level of family allowance would provide only small dollar payments to the needy unless there was a total restructuring of the federal income tax system which we believed was a most unlikely event. The exponent of the family allowance was Alvin Schorr, now General Director of the Community Services Society of New York City and a member of the Urban League committee recommending the tax credit proposal. Schorr argued for the family allowance because it made payments a matter of right for all families (children, not poverty, qualified one for assistance), thereby removing any possible stigma of having to claim poverty in order to collect. He maintained at the time that whatever was done to build safeguards into a negative tax, if it required that the individual prove his or her poverty (even if it started out by doing this with a simple income declaration), Negit was likely to degenerate into a punitive system. Within OEO, the economists won the day. OEO was to recommend a negative income tax to President Johnson throughout his term and fight for that program within government. I revive this ancient history because the problem of rights versus needs remains with us today emerging, as we shall see, in question of a tax credit or a negative tax.

The analysts at OEO wanted a full scale negative income tax system that would eventually replace welfare. They were looking for the entire package, not partial victories. Yet, as Vincent and Vee Burke indicate in Nixon's Good Deed in discussing the 1967 welfare amendments that contained a 67 percent tax rate: "So it happened that Congress enacted a negative income tax for welfare mothers while economists still debated the political feasibility of a negative income tax (3, p. 26)." OEO also began funding the New Jersey negative income tax experiment which has had an important impact on our thinking about income maintenance. But there were scant victories for those who wanted a negative income tax. The Johnson administration ended without much hope for change.

The Nixon Years

Surely, no one expected Mr. Nixon to recommend a modified version of a negative income tax. But he was sold on just such a scheme early in his administration, again indicating how important is the early period in which new administrations look for new initiatives. The Family Assistance Plan was proposed by President Nixon in a television address on August 8, 1969, a bill was sent to Congress later that year, the House passed FAP in April 1970 and the legislation died in the Senate that year. In early 1971, the Ways and Means committee introduced social security and welfare legislation that included a modified version of FAP, referred to as H.R. 1 to distinguish it from the earlier effort to get FAP adopted. The House passed the legislation in June and the bill was killed in the Senate in 1972. Since then no concerted effort has been made to revive the negative income tax legislation. Yet FAP is important both for the lessons it teaches us about income maintenance and for the changes

brought about during the long period in which it was under consideration.

FAP, once on the table, paved the way for the 1971 Food Stamp amendments and SSI. Food, like welfare, was an immediate issue for the Nixon administration and a highly competitive one with the Democratic Congress in seeking expanded provisions. The 1971 amendments made most low income, single and family households, eligible for food stamps which were, in effect, a specialized form of money that could be used to buy food. So the amendments turned out to be what in many ways is the closest thing we have yet to a universal Negit. Admittedly, the 1971 amendments provide "earmarked money" rather than "regular" money and do require that able-bodied household members over the age of 18 register for employment while Negit of the OEO proposal only used the tax rate as an incentive. But here is a scheme that covers all households below specified income levels varying by family size, and has a less than 100 percent tax rate--surely a close relation of Negit.

It might be said that SSI arose from FAP, emerging after FAP's demise in the H.R.1 package. SSI split off the aged, blind and disabled categories from welfare and put them in a separate package to be administered by the Social Security Administration. It was an effort to remove these groups from the highly stigmatized welfare program and to provide them greater dignity in part through making the prestigious Social Security Administration as the source of funds. Like food stamps, SSI has many of the key features of Negit. And like food stamps, SSI is having its administrative problems. In part these problems derive from some of the negative aspects that began emerging in the FAP debates so let us turn to a brief account of FAP. Seemingly, there is a mentality in this country concerning welfare programs that makes administration difficult.

FAP offers two critical lessons we best not forget in the future. First, the battle over FAP showed the many flaws in the present set of overlapping, uncoordinated, and often conflicting income maintenance programs. FAP's ultimate defeat may have been political, but the early devastating attack on FAP by Senator John Williams was based on the technical consideration of the very high marginal tax rates created for families eligible for several cash and in-kind transfer programs. In some cases families could be taxed over 100 percent--in economic terms it was foolish to work. Others found that the various program overlays appeared to produce too much transfer income for some groups. FAP and H.R.1 eventually led to a number of important studies that showed the glaring deficiencies of the current system including the fact that building on it incrementally makes no sense at all (1,2,5,6).

But FAP's most important lesson is political. The battle over FAP and H.R. 1 were ugly, mean affairs marked by special interest group and constituency politics, congressional posturing and moralism, and the sad spectacle of the near-poor pitted against the more poor. FAP was never a completely satisfying piece of legislation, and toward the end, the FAP debate turned more and more ugly eventually leading to the so-called Talmadge amendment which required welfare recipients to take work or training or lose benefits unless they were aged, disabled or mothers with children under six. H.R. 1 got worse.

One of the legacies of this period is a continuing effort to get people off the welfare or food stamp rolls. The food stamp amendments now working their way through Congress are a good example. Some of this thrust is good but most of it is punitive and harmful. I for one feel that both welfare and the income tax should have strong negative sanctions for cheating and evasion. In the total group of welfare recipients there will be persons who cheat just as there are taxpayers who cheat on their income tax, doctors who bilk medicaid, and so on. Sanctions for abuse should be built into tax and

welfare systems. At the same time the fundamental legal rights of others in a system must not be violated through degrading detection procedures. Moreover, it is critical, though a moral rather than a legal question, that when we find abuse, we punish the guilty party as an individual and not attribute his or her wrong doing to a total group. My fear is that the present tendencies are more to punish than to cleanse the system and protect it.

What Next?

In technical terms, we know how to develop a much better income maintenance system--eliminate much of the hodge-podge of current programs (particularly AFDC and food stamps) and develop a universal system aiding all persons with income deficiencies. The (Griffiths') Subcommittee on Fiscal Policy of the Joint Economic Committee after its lengthy studies of the welfare system has recommended a combination negative income tax and rebatable tax credit, the latter replacing the deductions for personal exemptions (5). The Urban League proposal, discussed by subsequent speakers, calls for a tax credit (4). Both proposals eliminate major programs to get away from the problem of high marginal tax rates.

Of the two, the Urban League proposal is the most bold. Like the children's allowance, it makes the receipt of the tax credit a matter of right with all citizens getting the credit and having it taxed away as their income rises. Also like children's allowance, the Urban League's scheme requires a complete revision of the federal income tax structure. The Griffiths' subcommittee proposal is less ambitious in that its tax credit is small enough not to require major tax revision. However, it relies on a straight negative income tax that always has the danger of stigmatizing the group that qualifies. So the old rights/needs/efficiency issues are still with us.

The critical question is what is politically feasible. People of good-will can disagree--not so much over ideology but over political assessments. I would like to see major tax reform coming along with a significant effort at income redistribution. Whether this is possible politically, I will leave for other speakers. The key point is that we do have a means of vastly improving the present transfer payment system.

In is critical, however, to recognize that any new system is going to have problems, mainly of a political nature. As the Urban League pamphlet in discussing its tax credit observes:

> One serious problem is that even under a relatively generous credit income tax, there will be families who suffer a decline in benefits whenever present programs are eliminated...There is no remedy for this that does not involve setting the tax credit at unrealistic levels (4,p.16).

There is no system that will satisfy everyone politically. If all groups hold out for their absolute positions, there can be no realistic changes. This was surely FAP's most important message. Somehow there must be more than pure partisan and constituency politics; somewhere there must be a level of judiciousness. There is a need for prudence that keeps representative democracy from tearing apart in a diverse society. Where is this to be found? We are

not surprised to find an interest group like NWRO in the FAP debate claiming racism and calling for a $6500 guarantee level without taking into account fully the costs and implications, just as we expect the oil lobby to enshrine the depletion allowance. Is it also acceptable for senators to mouth these same ideas with no regard for basic facts or costs, or apparently anything save their national images? And Richard Nixon during the debate over H.R.1, began to play the crassest brand of presidential politics. In the Senate and in the White House, the sense of reasonableness and of judiciousness that leavens the excess of special interest pleading--compromise for the national good--simply was missing. Will we learn from this experiment?

I feel it is hard to be optimistic about the next step in transfer programs since it will demand far more statesmanship than FAP and H.R.1 produced. Key items on the agenda held over from H.R.1 are the problems of the working poor and the entire work and welfare issue. Also, it seems unlikely that we can escape the formidable task of trying to restructure the massive Social Security program that dominates the federal income security system. The time has come to look hard at this entire structure. A sound income security system will require legislation that cuts across several congressional committees and will affect diverse interest groups. The last ten years has generated a vast amount of relevant technical and political information. The continuing struggle over the negative income tax yields a history course that the president and the Congress should study lest we move down FAP's dark road again.

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INCOME INEQUALITY - TAX EXEMPTIONS AND TAX CREDITS

Lisle Carter, Jr.

I first want to congratulate the Seattle Urban League and all of the co-sponsors of this conference because this is a very appropriate time to be having such a meeting which concentrates not simply on the issues of jobs and income maintenance but on the very critical questions of values that relate to what we can do in this society about these very pressing problems.

I take it when Walt Williams talks about political feasibility, in a sense he is really talking about and to our values. And I, for one, am convinced that none of the schemes proposed have any significant chance of passage in the short run. We are condemned to stalemate unless we find some way to examine the values which supposedly underlie this society and bring those values to bear on the questions proposed by this conference with respect to Freedom From Want: Towards More Equality.

Many of us would say that we prize such values as freedom, order and justice. I include order in that group because I think it speaks to one very important aspect of this debate, which is seldom understood. I am going to be talking to you today about taxes and tax equality or inequality and its relation to the issues that we have under discussion. Taxes obviously are a way in which the society finances its priorities and a way in which it attempts to deal with some of the inequalities of the economic system. For many the tax system is not something that we collectively do as a people for ourselves but something that is imposed on us by those who are trying to get at the God-given resources which we otherwise would have. It is difficult, I think, for some of us to understand that none of us own anything in this society but to the extent that the rest of us consent to that ownership. Therefore, order is not something simply to be applied to those of us who engage in antisocial behavior

in common terms, but is in fact our payment to the society in which we participate for our ability to do those things which we consider in our own interest, including competition for material things, if that's what we are about. The economists assume that the society will protect these last values and this assumption, unstated, tends to reinforce the two common notions that if one has income or property, it is our just desert, if not our divine right.

It should not take more than a moment's reflection to recognize that if the society did not exist to protect this freedom in respect to property as well as personal behavior, that the order of ownership of resources would be likely to be quite different indeed, and therefore that the other side of that equation is that we have a responsibility to participate in the society in respect to protecting the rights of other people. In a non-totalitarian society we have therefore to be concerned about the well-being of our neighbors, ensuring the benefits of the society for them as well as ourselves. Thus, paradoxically, in order to have a high degree of individual freedom, rather than emphasizing highly individualistic values, we need to emphasize more cooperative values. Cooperative values are more likely than individualistic values to moderate our tendencies towards greed, envy, aggression, and domination, all of which encourage some to seek to suppress the choices of others. What I have said in a rather long-winded way the English economic historian, R. H. Tawney, has put much better. In speaking of the goals of democratic society he said that equality would exist when anyone would be able to say to anyone else "go to hell", yet no one would want to go there and no person would need to go there when it was said.

Fifteen years ago Gunner Myrdal stated that the affluence on which this nation was then congratulating itself and which interest groups were busy dividing, was to a significant degree illusory because it left out the poor and the minorities. Today in an apparent nostalgia for that period, some social critics write of a revolution of rising entitlements in which the disadvantaged have been promised new social contracts which cannot be delivered on. In actuality, the entry of the poor and the minorities into the political marketplace has helped to make clear the extent of the illusions under which that process functions. Competition among interest groups has been seen as taking place along roughly horizontal lines. The entry of the poor and minorities made palpable the fact that ours is by no means a classless society and that race and color do make a difference. This emphasized hierarchical conflicts. It also raised again for the first time in almost two generations serious questions about the vertical distribution of resources and life chances.

Undoubtedly, the poor and minorities have gained some benefits from their participation in this process. And, it was extremely important to learn once again the vertical as well as horizontal inequities in our society. But a process of class and caste conflict under the utilitarian principle of the greatest good for the greatest number cannot in our majoritarian society lead to just resolution. For this we have to begin with some concept of a minimal level of social commitment to match our minimal level of political commitment, some non-bargainable rights to which every citizen in the United States is entitled, which are not to be fought over in the competitive arena, to satisfy not just our needs but our wants.

There is no question that to the extent that one can satisfy the material needs of individuals through jobs, that is the best way to do it. The individual family gains in feelings of personal esteem, its own sense of dignity and automony is enhanced. But the history of the last decade is not

encouraging to the view that jobs will deal with the problems of assuring minimum needs in this society. Not only are we enduring unemployment levels that would have been thought disastrous a decade ago, but such evidence as we have suggests that over the last decade earning inequalities have worsened. In other words, after all of the efforts through manpower programs and the like we have not seen a closing of the earnings distribution gap - we have seen it get worse. What has made the difference, what has made it possible to maintain the roughly similar income shares that existed around 1950 of roughly 5 to 6% in the bottom quintile and roughly 47 to 50% in the top quintile, has been the use of cash transfers under various federal programs.

I want to take a moment here to talk about the nature of transfers because I think that this is one of the things that we have to try to deal with in our own minds as well as being prepared to deal with others. The economists define income which derives from being involved in the production of goods and services as a factor income. This can be wages, salaries, profits, rents, interests, dividends, etc. Income that is received on some basis other than contributing to the production of goods and services is transfer income. But somehow, when transfers are discussed, often the first thing that leaps to mind is public assistance. Let me expose a different set of ideas that I think speaks to some of the national value dilemmas as well as elucidating a broader notion for all of us of what transfer incomes are.

In a very farsighted piece written in the late 1950's, another English social thinker named Richard Titmuss, described three kinds of welfare: the first was the traditional social welfare which is defined generally as that welfare where the government directly provides benefits to people; the second was the fiscal welfare system, which is the use of the tax system to provide benefits or transfers to people; and the third was the occupational welfare system, which was the use of programs related to the workplace to provide welfare. A few examples of each would make clear what he was talking about. For example, we would recognize public assistance as being under the social welfare system. Under the fiscal welfare system the personal exemption in the federal income tax is intended to recognize minimum needs. Under occupational welfare unemployment insurance is a benefit that is paid in connection with the loss of work. In the public mind, obviously, these various approaches are treated differently. Let's take another example: Medicaid is social welfare; medical deductions are fiscal welfare; and group health benefits are occupational welfare. Housing assistance is social welfare; mortgage interest payments and real estate tax deductions are fiscal welfare. Supplemental Security Income is social welfare; pension exclusions and added exemptions are fiscal welfare; and various private pension plans and Social Security are occupational welfare.

It is clear to most of us that the payments made under the social welfare system are transfers, that is, direct payments by the government from taxes collected, to individuals. We find it less easy to accept that same notion for the fiscal welfare system. Columnist George Will recently wrote about the non-spending of non-taxes and criticized the view that what was called tax expenditures, that is benefits provided people under the tax system, are the same thing as positive expenditures because he plainly believes income and earnings belong to individuals in some ultimate way and not under the consent of the whole society. But it is clear that in the case of the personal exemption, for example, families or households that have few people subsidize households that have large families. Similarly, families that live in apart-

ments subsidize families that live in houses on which they pay real estate taxes. Persons whose only retirement plan is Social Security subsidize people who have private pension plans, who are able to take exclusions from income based on that. So subsidy similar to that which occurs when the government collects money and pays it out again goes on within the tax system.

I could make the same analysis for both private and public transfers under the occupational system, but I will not take the time to do that. The important point for our consideration is that there is a welfare class system of which the social welfare system is the lowest class and I would assume perhaps that the fiscal or tax welfare system is the highest class, the occupational system partaking of some of the elements of both, being in the middle. Our attitudes about policy in this area very much turn on our attitudes towards these various classes of welfare. This fact suggests that one important ingredient for the reform of welfare would be to try to find a reform which tends to integrate rather than further separate these classes of welfare, which emphasizes cooperative and communal values, rather than divisive and competitive values.

I have already indicated to you that the transfer system is extremely important in our society and that without transfers the inequities would be really intolerable because of the widening gap between income groups. But one has to recognize at the same time that the transfer system itself is inequitable. I want to make clear that when I use these terms, I am not speaking simply about the traditional, well known fact that male headed families are on the whole excluded from AFDC. The transfer system is unfair in its overall impact. One can even talk of the odds of escaping poverty through the transfer system. The odds favor households with heads over 65 escaping, white headed families with escaping. Families headed by people of above average education have a better chance of escaping poverty through the transfer system and families outside of the south have a better chance of escaping poverty through the transfer system. Contrary to the broadly held belief, increasingly female headed families and male headed families have about the same chance of escaping poverty through the transfer system.

The transfer system is also inequitable in a horizontal sense, that is among people who have roughly the same incomes being eligible for different programs or not being eligible at all. Further, it is inequitable in a vertical sense, in the sense that some people who gain benefits are able to leap over other people with higher incomes who are not entitled to some of those benefits. Almost a third of the transfers now go to households which, after receipt, have higher incomes than households which normally, from earnings and other sources, would have been better off. It is clear that these are added factors in the divisiveness and the general dissatisfaction with the system.

These vertical and horizontal inequities are to be found in our tax system as well as in the positive transfer system. I have already talked about mortgage interest and real estate tax deductions and the impact of tax exemptions but there is also the very important regressive impact of the Social Security payroll tax. Thus, even though over-all the impact of the income tax on income distribution remains somewhat positive, provisions which presumably are for the benefit of lower and middle income taxpayers tend to flatten that impact.

A negative income tax has been the principal proposal to bring horizontal and vertical fairness to the income tax system. The negative income

tax is linked conceptually to the tax system in that, presumably, it would pay benefits to persons whose income was too small to pay positive taxes. The proposal of a credit income tax which is now the position of the National Urban League would not just be linked in concept, it would be an integral part of the income tax system.

Let us consider again personal exemptions and personal deductions under the tax system, which we have learned to call fiscal welfare. Personal exemptions for taxpayers and dependents were originally designed to exclude households from tax payment based on ability to pay. This benefit was extended to all taxpayers on the grounds that equity required each household should only be taxed on clear income above the subsistence income level represented by the exemptions. The exemptions have not kept up with the poverty level because of successive administration's reluctance to expand a benefit which, in addition to excluding the working poor from paying taxes, perversely increased the tax savings of high income earners more than persons of moderate or relatively lower incomes. This can be explained very simply. Let us assume that an individual was entitled to claim $1,000 as a personal exemption. At a 50% tax rate, if the individual were a high taxpayer, he or she would save $500 out of that $1,000. But if the individual were a low income taxpayer, he or she would save only 14%, or $140. Therefore, the tax exemption works perversely, in that instead of being progressive like the rest of the system, it is regressive. As a matter of fact one study showed that tax savings for households with five times the median income were more than twice the tax savings at median income levels, while households with sixty percent of the median income achieved only 80% of the tax savings at median income levels.

Different approaches have been explored in order to do something about exempting low income families from tax while not increasing the benefits to higher income families. The principal new approach has been the so-called low income allowance, a minimum flat deduction. When the low income allowance is combined with tax exemptions, and since 1975, a tax credit, a family now would have to have income above $5,757 before paying taxes. Unfortunately, because of Social Security payroll taxes, these provisions do not exclude low income workers from substantial taxes. Moreover, while high income households which itemize cannot use the flat deduction, they still get higher benefits from personal deductions because of the perverse effect that I have shown in relation to the personal exemptions.

In point of fact, when the Social Security taxes are added in, families with $10,000 income pay slightly more taxes over-all than families with $25,000 in income. These inequities, of course, dampen the redistributive effect of the tax system among the population when divided by quintiles or 20% shares of the national income. The highest 20 percent of the population by income is reduced only 1.2 percent in its share of the national income from the level it had before taxes.

The increased use of tax credits would provide a more progressive way, in the tax sense of taxes rising with income, to assure minimum incomes were not taxed by taking the place of exemptions, and at least some part of the deductions. Low income families, however, would still be penalized by the payroll tax but the credit system could mitigate this by making a larger credit refundable to those families.

Finally it is only a short step for society to recognize the subsistence income provisions positively, by making the refundable credit large enough so that at zero income, the Federal government could pay to each

household a sum that would constitute the minimum subsistence income and that would be the credit income tax. Thus, by converting the personal exemptions concept to a positive demogrant concept, the society would remove some of the most perverse effects of its income tax system; it would also make sure that the benefits available to taxpayers are available to persons who are too poor to pay taxes. The benefits of doing this would be to accomplish a very substantial reduction in poverty; it would improve the income distribution for the first time since after the second world war. It would make easier work and training programs by unlocking them from the work conditioned requirements of the existing welfare system; and it would make it possible to remove some of the heavy tax burden the Social Security system imposes on lower income taxpayers.

At the same time it would not be a panacea. It would not solve entirely,for example, the problem of the wide differentials between the states because a national level is likely to be somewhat lower than the highest welfare benefit level. Nonetheless, of the options that we have before us, I would commend to you that this one be most seriously examined. It is said by some that the proposal is visionary but at worst it provides a goal and a standard consistent with the values of autonomy and freedom in removing various restrictions on individual choices. It speaks to both social and procedural justice in the amount and the way that these benefits are made available; and it appeals to essential order. It seems to me therefore to provide a basis for judging other programs that lay claims on us. It suggests that those programs that we should support in the short run should be those that tend to reduce the divisions among the classes of welfare rather than those that would exacerbate those divisions even more.

I would suggest to you that the problems that lie before us in any of these programs are extraordinarily difficult. While we all agree that the provision of work is the best way to assure social justice and income, we do not yet know how to do that effectively. Worse, we seem now to be accepting a majoritarian preference for less inflation paid for by the unemployment and poverty of a significant segment of our society, but a segment of the society which is obviously too small and too powerless to influence a different outcome. We really have to ask ourselves if that is the kind of society that we want. I think that the dissatisfactions with the present welfare and income tax systems, with the realization that the solutions of the 1960's are not adequate to today, when facts of the nature that I have tried to bring and other speakers have brought and will bring, are taken to the broader public, the opportunities for change may be greater than we think. Recent polls have shown that Americans are willing to live with less for a better quality of life and a more stable society. I am convinced that if people are given the facts about work and income today they will be prepared to go further than the politically sophisticated may believe.

I want to return, in closing, to that test of equality offered us by R. H. Tawney because it appears to be not only an appealing aphorism but it is more profound the more one thinks about it. Tawney said that equality would exist when anyone would be able to say to anyone else "go to hell", yet no one would want to go there and no person would need to go there when it was said. That's both power and desert when it is said. No society yet meets that standard, but it is one that we must continue to struggle to obtain.

CRISIS IN WELFARE - WHAT ALTERNATIVES DO WE HAVE?

Frances Fox Piven

For almost ten years now, we have been preparing legislative blueprints for a fundamental overhaul of the income maintenance system. The code words that we invoke to justify the need for these blueprints are from the language of administrative efficiency -- words like "consolidation", "coordination", and "effectiveness". Of themselves, such words do not mean very much. But the political impulse underlying many of the proposals for new income maintenance legislation means a great deal, and what it means is ominous for the very poor. The impulse is to restrict welfare benefits in a variety of ways, mainly by eliminating what is called "program overlap", thus ensuring that none of the poor get benefits from more than one program; and by strengthening "work incentives", which means to ensure that people will be forced into the low wage labor market because they cannot get enough from the benefit programs. The justification for this latter kind of "reform" is presumably the "inequity" resulting from the current welfare system, but this concern is not with the inequity between the rich and the poor, but with the inequity between the working poor and the non-working poor.

For these reasons, many of the proposals ought to be feared and not supported. The Urban League's proposal is, I think, franker, more humane and bolder in its acknowledgment that the most important problems that we have to solve in the United States are not in the welfare system but in the economy, an economy that has never provided enough jobs at decent wages for many of the

people that we harass and berate for not being willing and able to work. But while this much can be said of the Urban League's proposal, and some of the others as well, none of these legislative blueprints, whether they are good or bad, reformist or regressive, come to grips with the main question: How does reform occur in this country in the income maintenance system? Does it occur through writing new legislative proposals, by calling conferences such as this one to discuss these legislative proposals? Or does it occur through some other, more profound kind of change in American politics? I think the answer to that question is available to us in recent experience. In that sense, we are uniquely fortunate, because we don't have to turn to American historians for guidance. We can turn to ourselves, and to what we learned in the last 20 years. We got some reform in income maintenance and, as these things go, it was substantial. We did not get it by writing new legislation. We did not get it by exercising, as Professor Williams recommended, prudence or judiciousness or statesmanship. We got it through the mass mobilization of people, and through the tumult and turmoil they created in this country, that forced the existing income maintenance systems to expand and to liberalize.

I want to help you review, to remember, that experience. Not so very long ago, in the 1950's, the welfare system in this country was even worse than it is today. It was even worse, in the sense that the federal legislation which provided the ground work for that system excluded many people, no matter how poor they were and no matter whether they could work or not. It was also worse in the sense that federal legislation gave the states and localities very large license, and states and localities used that license to introduce additional barriers that had nothing to do with whether or not people were poor or whether or not they could find jobs, but had to do rather with place of residence or with the family status of the people. Such criteria as "suitable homes", or "man in the house", or "employable mothers" rules (which gave welfare officials the right to declare that women were employable whether or not they could find jobs) were all exclusions introduced by state laws with the result, of course, that most of the poor and most of the unemployed simply could not get aid.

The states also used their license under federal legislation to maintain very low payment levels, and to adjust those payment levels so that they varied from state to state according to the wage levels paid in that state. Those states that required very low wage workers, the agricultural states, and in particular the southern states, paid-and still pay-abysmally low doles, and those states that did not rely so much on an impoverished and exploited work force, paid somewhat more humane levels.

In addition to these restrictions resulting from the legislative framework of the welfare system that existed in the 1950's, there were a host of additional barriers created by the state and local bureaucracies. These barriers resulted from the devices with which the bureaucracies contrived to resist giving aid by making people wait and wait after they applied, until they grew so discouraged that they gave up and went away; by harassing those who applied: "Where did you get that gold watch? When have you last menstruated?; by requiring endless kinds of documentation of people who

applied for welfare: "Do you have your birth certificate, your rent receipts, a note from your last employer?"

In addition to these administrative devices to exclude people, there were the fraud scares, an integral part of American public welfare. The fraud scare was practically a traditional ritual. Some local politician decided that there was political capital to be had by attacking "welfare cheats". (Americans are always ready to hear about welfare cheats, even in towns where there are only six families on welfare.) So he called a press conference and announced that there were a lot of chiselers on welfare. The press carried the story on its front pages. An investigation was demanded. The investigators went out to see these families and, lo and behold, the investigators always found that there was some discrepancy between the technicalities of eligibility for welfare, and the conditions of the people who were on welfare, discrepancies that are inevitable in a system that has such manifold, intricate, and complicated regulations. And the stories that were finally carried in the press reported these technicalities as "massive fraud", galvanizing public opinion against welfare recipients, and intimidating the poor from applying for aid.

This system of American public welfare was a system of medieval awfulness. But it was not an oversight, it was not an accident. Rather it was an arrangement that systematically denied aid to most poor people in this country so as to keep them vulnerable to the vagaries and the hardships of the low wage labor market on which our economy relied. And it was a system which not only denied aid to most people, but it was so effective in condemning pauperism as to lead people to deny themselves aid; it so terrorized most of the poor that they did not apply for aid, they did not protest, they acquiesced in their own denial. The terror created by a system that degraded and punished the few who got on welfare worked so that most of the poor, no matter how awful their circumstances, no matter how long and unsuccessful their search for work, did not even apply for welfare. They tried as hard as they could to preserve that last vestige of dignity, of self-reliance. They shunned the humiliations of the relief theatre. And so in the 1950's, most people did not apply for welfare or most of those who did apply permitted themselves meekly to be rejected by that system. And in so doing, they collaborated in the oppressive public welfare system that characterized the United States up until the 1960's.

By the late 1960's that system had changed somewhat. To a degree, our income maintenance programs were reformed. They were not reformed, however, through legislation. They were only reformed in reality, in practice. They were reformed in the sense that far more of those who were desperately poor were reached by these programs, and they were reformed in the sense that those who were reached got a little more money. Now some of us believe that the reform did not go nearly far enough, but it did reduce hunger a little in the United States. The reform that occurred in the income maintenance systems, in public welfare, in the Food Stamp program, and in Social Security, meant that for the first time in 40 years, the income distribution profile of the United States changed. For the first time in 40 years, the share of income of the bottom fifth of the population, after taxes and after transfers, rose

from about 4% of income to about 7% of total national income. That's still far too little, but it's better, and it was the first reform that we had gotten in four decades.

It is important therefore to wonder about how that reform was accomplished. It was not, as I said before, accomplished by new blueprints, by legislative proposals, or by lobbying for legislative proposals. It was accomplished through the incredible transformation that occurred among the poor themselves, and especially amoung the black and latin poor. It occurred because the poor began to think about their circumstances differently. Their attitudes, or their "consciousness" changed. They began to understand that the circumstances under which they lived, the poverty, the powerlessness, the degradation, the traumas which they suffered, were not right; that they were not to blame for them; that these conditions were somehow unjust. And they began to make demands. They began to demand jobs. They began to demand the vote. They began to demand income.

It is worth thinking about that transformation because, for the first time in a very long time, people who were at the very bottom of American society were learning not to blame themselves but to blame others, to blame the system, and to make demands of that system. They were also beginning to believe not only that their circumstances were illegitimate and unjust, but they began to feel that they could do something about it. Not only were their circumstances unjust, but they were not inevitable either. And, accordingly, poor people, especially poor black people, began to act differently. The customary docility of black and latin people and, in some places, poor white people as well, began to change to defiance. Black people acquired the courage, the hope, the pride to be able to begin to flaunt the caste rules of the south, and to be able to begin to defy the rules of civil order in the ghettos of the north. What resulted was a period of unprecedented turmoil in the United States. A protest movement had emerged and it had emerged from those who were at the very bottom of society.

One response to that protest, and to the troubles it created, was to yield something to the poor. And one way to do that was to liberalize the income maintenance system through easier acceptance policies, for example. As a result, the AFDC rolls ultimately quadrupled, so that people got a little bit of bread, and a little bit of justice, in the words of the Welfare Rights Movement. And, as a result, comprehensive reform, legislative reform, of the income maintenance system began to be a subject that had some political viability, some political possibility. And we even got a small piece of legislative reform in the introduction of SSI. None of this occurred because we wrote new blueprints, but because reform was a way of coping with the troubles in the streets of the cities of the United States.

Now that period is over. Poor people have again become quiescent. And accordingly, the reforms that occurred in the income maintenance system are being reversed. They are not only being reversed legislatively, although that is happening -- notice the changes that Congress is trying to impose on the Food Stamp program. But they are being reversed actually, in the real world in which the programs are implemented. They are being reversed in terms of the only crucial measures: how many people get help, and how much help

do they get. The numbers of people, and the amounts of money are either declining or holding fast, in the face of unprecedented rates of inflation -- inflation which is especially severe in housing and food costs, which are the main costs for the poor. One signal of this reverse reform was that, in the second half of 1974, the Department of Health, Education and Welfare in this country proudly reported that costs for Aid to Families with Dependent Children had dropped by 64 million dollars. One has to wonder about the irony of a government agency proudly reporting such an accomplishment at a time when both unemployment and inflation were rising rapidly.

We need to understand how HEW's achievement was made possible. We need to understand the changes in that system through which the reforms and the concessions gained in the 1960's were reversed. HEW accomplished that savings through a campaign mounted under the guise of efficiency, usually a magic and dangerous word. It was a two-pronged campaign. First, HEW proposed and implemented penalties that would be imposed on the states and localities if HEW's studies showed that there were large percentages of ineligible people on the rolls, or there were large percentages, in HEW's view at least, of overpayments. On the face of it, this seems reasonable. Public welfare, like every other public program, should be administered with precision. But, since no other public program is administered with precision, we ought to be at least sceptical of this concentration, of this attention, devoted to the precision with which public welfare is administered.

In fact, as those of you who know public welfare understand, that system is incredibly complicated and ambiguous. Its regulations are manifold and unclear, and that means that it does not have the capacity to administer eligibility tests and grant levels with precision. It only has the capacity to impose gross restrictiveness to cope with the threat of federal penalties. For example, when New York City was threatened with penalties for a large percentage of overpayment errors, it managed to cut overpayments, but only by increasing underpayment errors from 12 percent of those who were on the rolls, to 19 percent of those who were on the rolls. HEW did not propose to penalize New York City for underpayment errors in welfare grants.

The second part of the federal campaign to reverse the reforms that were made in the 1960's consists in changing the federal regulations -- not the legislation, but the federal regulations--so as to guide the states as to how to implement the kind of gross restrictiveness that will be required if states are to avoid these penalties. For example, in the last two years HEW has ruled that written applications can now be required for public welfare, and that state and local departments are no longer required to help applicants fill out those written applications. This is an interesting change, don't you think? On cue, New York City lengthened its application form from 2 pages to 11 pages.

HEW also changed the regulations so as to eliminate any limitations whatsoever on the kinds of verification that can be required by state and local welfare departments. What does that mean? It means that the numbers of documents that applicants can be required to produce are endless and often impossible to get. If you come from South Carolina and you were born in some little town down there, how do you get your birth certificate before you starve? HEW repealed the prohibitions it had introduced against domestic invasions, including by the way, midnight raids. That was virtually a federal signal to state and local administrators to begin once again the harassment of welfare clients that had prevailed in the 1950's.

There were other even more bizarre efforts by HEW to make welfare more restrictive that were struck down by the Supreme Court, not because they were restrictive, but because they were bizarre. For example, HEW had introduced a regulation where, in computing eligibility for welfare, all resources of the applicant would be counted at what was called gross market value, no matter what encumbrances existed against that resource, so that if the applicant owned a $9,000 little house with an $8,500 mortgage on it, the assets of the applicant were to be counted as $9,000. The Supreme Court thought that was against the intent of the Social Security Act.

The Supreme Court also struck down an effort by HEW to impose a regulation which would permit departments to recoup payment errors from clients that were the result of departmental errors, regardless of the resources or the income of the clients. In other words, if a welfare department overpaid a welfare client by $500 in the previous year, they could give the welfare client nothing until that $500 was recouped.

The significance of these regulations is not only in what they tell us about HEW under a hostile Republican administration, but in what they indicate about state and local welfare practices. Everywhere in the country, state and local welfare administrations are tightening up, are re-introducing the kinds of bureaucratic harassments that worked so well in the 1950's to discourage people, to harass them, to make them feel confused and ashamed so that they don't dare apply and don't dare press their application for welfare. Everywhere in this country, fraud scares are proliferating, which have to do not only with dealing with those people who were on the rolls, but with making welfare seem so terrible, so degrading, so shameful, that people will not apply, no matter how desperate their need.

The question for <u>us</u> is how to reverse this trend; how to restore the reforms that were gained in the 1960's and how to expand the reforms gained in the 1960's. And to do that we have to pay attention to the political lesson of the 1960's and that political lesson is that whatever reforms were won then were won as a result of struggle, were won through the massive mobilization of the poor and the incredible capacity of the poor to defy those rules and authorities, which denied their rights in American society. Some reforms were won by the southern civil rights movement, by the incredible capacity of blacks who lived in the embrace of the most feudal and terroristic political system in the south to nevertheless defy the authorities of that system, and to defy them in large numbers -- in Montgomery, in Albany where they marched, flank after flank, into the streets and into the jails; in Birmingham where they braved the police hoses and the dogs of the infamous Bill Conner.

The courage and the solidarity that poor black people in this country demonstrated in the south was a courage and solidarity to march against the authorities, to risk jail, to risk beatings, and bombing, and killings. They did not write blue-prints. In fact, when Martin Luther King was asked by a New York Times reporter what specific proposals he would make for reforming federal legislation, King answered that those who ask us to write legislative proposals presume that the willingness is there, and that those who rule lack only the information and the guidance to act in our interest. King did not think that was true, and King was right.

What occurred in the South was again echoed in the North. It was echoed again in the uprisings that occurred among northern urban blacks, in

the marches, in the sit-ins, in the street riots, in the rebellions and in the burnings. A people who had been uprooted and disoriented somehow found the spirit, the indignation, to do all this, to finally demand what American doctrines had said they should have, to finally demand jobs, and housing and a degree of political participation and power in American society. Even more incredibly, many of these people found the courage and somehow found the pride -- in the absence of jobs, and in the absence of housing -- to demand welfare, to assert that if this society did not provide them with work, and did not provide them with homes and neighborhoods, that they nevertheless had the right to life itself.

And so, increasingly in the early 1960's, black people in this country began to apply for welfare. As the tumult and turmoil in the cities of the North increased, they applied in greater and greater numbers, and frightened welfare departments and frightened politicians gave in, gave them welfare. That was how the welfare system was reformed. Even more, some of these people who were the poorest of the poor, the people that everyone called the lame and the halt and the blind, the people that Langston Hughes called the low-down folks, some of these people found the spirit to organize into a coherent form and to begin to make demands, not only against particular welfare departments in particular cities, but against the government of the United States itself.

It was through this kind of movement, through this kind of force, that we got some income maintenance reform in the 1960's. I believe that it is only through this kind of force that we are likely to get income maintenance reform again. Yet the prospects for a movement emerging again are not happy. For one thing, poor people themselves are again quiescent, because they have again been intimidated. They have been intimidated by a hostile political climate cultivated by the highest leaders of this land; by Nixon and his Committee to Re-elect the President, and by the anti-welfare-workfare rhetoric, by the law and order campaigns, the assault against the black and the poor in this country mounted from the White House itself.

Moreover, this kind of assault was echoed by state leaders, by leaders like Reagan and Rockefeller, for example. Rockefeller joined the assault by proposing that, while the Supreme Court had said the states could no longer impose residence requirements to bar people from welfare, New York state could instead pass legislation which would prohibit people who did not have good health care or who did not have decent housing from getting on the welfare rolls, if they had been in the state for less than a year. Had that legislation passed, it would have meant in principle that half the population in New York, which does not have good housing and does not have good health care, was not eligible for a public program.

Partly as a result of this kind of rhetoric, spouted by the most influential political leaders in the United States, there was indeed a white backlash against the black and the poor. Political leaders were teaching and preaching to white workers that the reason their taxes were so high was because all those low down folk were living it high on welfare. Those of you who know something about government budgets know how inaccurate that message was; welfare accounts for a very small proportion of public budgets. But this mobilization of popular sentiment against poor people and black people was successful, not exactly because the majority of Americans automatically hate poor people and black people, but because the majority of Americans are constantly encouraged by their leaders to vent their own frustrations and

their own antagonisms on the poor. I would remind you that the Nixon administration, which managed to mobilize so much anti-black sentiment among white workers, did very little for white workers themselves.

At any rate, in this new and hostile political climate, the hope that poor people and black people came to feel in the 1960's has been replaced by fear. The sense that they had some power to change their circumstances has been replaced by helplessness. As a result, the poor are now once more collaborating in that most oppressive American institution, public welfare, by acquiescing in its restrictions.

Moreover, not only have the black poor themselves come to be afraid, but their leaders have been taken from them. In part their leaders were absorbed into the jobs created by new federal programs, absorbed into the municipal agencies which chose to improve relations with insurgent blacks by hiring their leaders, and absorbed into petty contests for petty electoral offices. As a result, many of those who were the leaders of the movements of the sixties are now espousing, as a matter of ideology, that the way to fundamental reform is through bureaucratic and electoral politics. They are calling not for protest, but for lobbying; not for protest, but for voter registration. In doing so, they serve themselves, but they ignore history, not only the history of the 1960's, but the history of all lower and working class movements in the United States. It is not, I do not think, so much that ordinary people and poor people believe what they are being told by their erstwhile leaders, it is not that they believe that the way to reform is by lobbying or by registering to vote, or by working for your political party. It is rather that, as a result of this opportunism, poor people have been left stripped even of the leadership that rose from their own ranks.

THE

WELFARE

MESS -

UNDERLYING

VALUE

ASSUMPTIONS

John Junker

Mary Aldrich

Charles Morris

Robert Coburn

John Junker

I'm a real stranger to this field. I have been working the other side of the street. I teach criminal law and procedure and I think there are some things to be said from that perspective about what's been said here this morning. The kinds of things I've been concerned with are the rights of people who are accused of crime or suspected of crime and I have been concerned with the power of government to regulate, under the criminal law, various kinds of behaviors on the part of individuals which seem to me ought really not be any part of government's business. I have been attempting to do something in those areas. Now that all goes under the heading of law reform and that has the same problem as was noted by a speaker from the audience. What do you mean by reform? Do you just mean change? I won't belabor that. I mean by reform change in a direction I want it changed and I think that's what everybody means by reform.

As I listened to people here this morning two points occurred to me about how my own field, dealing with the criminal sanction and the criminal process, may relate to the kinds of issues you are discussing here. The two points are that it's remarkable how many of the issues that are being dealt with here are the same kinds of issues that I have to deal with in the criminal sphere because it is remarkable how many of those issues have to do with how do you get change--how does reform come about. And I think the polar issues, the polar positions have been pretty well stated. Professor Williams believes that legislation is important to change and Professor Piven believes that it really happens in the streets.

Now I have been following that. I have been watching and I have been looking at reform and the absence of reform. I have come to the conclusion

that Dr. Piven is right, that legislation only celebrates change and solidifies change that has already occurred in the social-political-economic structure in the country. The way to get change is to demand it and one demands it at whatever level one is willing, as a moral matter, to put up with.

There are certain things that none of us will do in demanding it, and there are certain things that many of us would do in demanding it, and I'm not suggesting any kind of analytic scheme by which you decide how far you will go. During the Vietnam war protest my students wanted me to terminate classes. I didn't do it because I said I cannot impose my political views on those students who don't want to terminate class and who believe that the Vietnam war is a good idea. However few they may be I'll be here. You don't have to come. I drew that line for myself and I assume everyone has to draw a line for themselves.

What is clear to me is that change, whether it happens in the Supreme Court or in the state legislature, unlikely as that is, or in the national legislature, does not come about by good people sitting down thinking over the issues, deciding what would be a nice thing to do for the poor people this week, or what would be a nice thing to do for people who want to engage in activities that some other people may think are inappropriate in some way. This isn't what happens. What happens is, if you want to change the laws of abortion you do what Dr. Koome did; and if you want to change the laws that discriminate against women or against minority people, you just insist that the world isn't that way and that you're not going to behave that way. If you want privacy, you have to demand it from the government because otherwise it will take it away from you every chance it gets. I don't mean that I'm hostile to government. I just mean that government is the natural enemy of the people and it ain't going to give you any more than you demand. That's really both of my points, wrapped up in one.

But I did mean to say, somewhere along the line, that this equality issue has been a serious one in the criminal sphere and yet it has been pretty much solved. People are no longer, at least according to the law, supposed to be put in jail because they can't pay a fine; people are no longer, at least according to the law, supposed to be held without bail because they can't get the money to get out of jail before trial; and people are no longer supposed to suffer being badly represented or not represented or not get an appeal or not get a habeus corpus petition because they don't have the money to buy it. All of those things have been changed and they have been changed in the last fifteen years. And this is success to a certain extent.

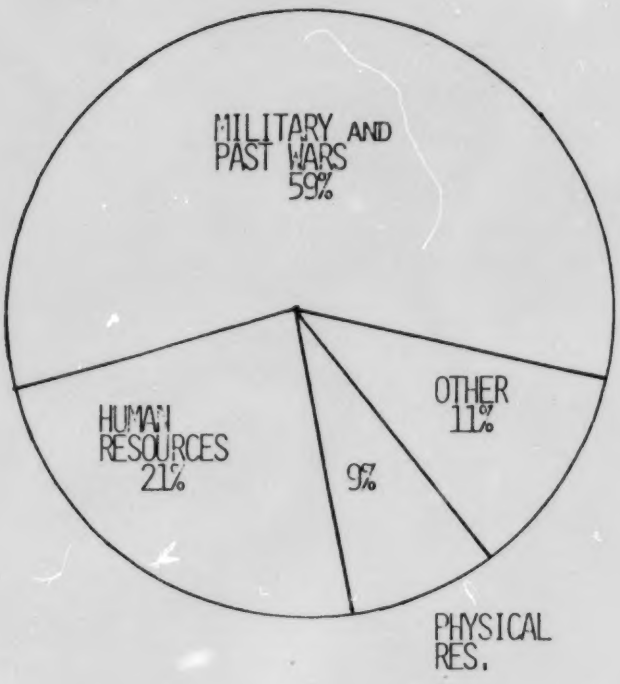
The reason that success occurred was because we have an equal protection clause which pretty clearly applies to the criminal process. I think it also pretty clearly applies to the rest of our society and that one of the things that we ought to continue to assert is the moral force of the egalitarian principle which is written into our 14th Amendment to the Constitution. Equal protection will take us everywhere we want to go when people are ready to see that equality means more than the kind of equality we have now. So the question is, when will people be ready to see that? And the answer is, when we demand to see that.

Mary Aldrich

It's difficult to try to analyze what teaching English composition has to do with welfare reform, when actually my specialty is diagramming sentences, conjugating verbs, and declining nouns. However, my one major qualification is that many, many of my students at Seattle Central Community College are welfare recipients.

I have something of a background in literature and one of the great pieces of American literature is the Declaration of Independence, and you can even include the Preamble to the Constitution. The Declaration of Independence says that what we hold dear is "life, liberty, and the pursuit of happiness," and the Preamble to the Constitution includes the fact that we should "provide for the common defense and promote the general welfare." So I was trying to figure out just how much value we put on these two facets and it seemed that the more and more I got into this the more and more confused I became.

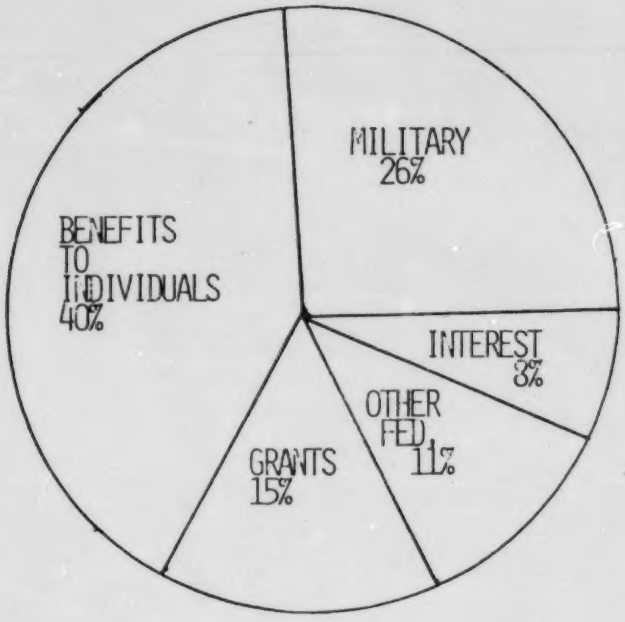
So we have here a dichotomy. On the one side we have the Declaration of Independence as expressed in life, liberty and the pursuit of happiness. And then my research into this field went over into the other side which represents more the opposite of this -- the military structure. Apparently our values have been divided between welfare on the one hand and warfare on the other. How much stress do we put on these things? The organization SANE, which is a citizen's organization for a sane world, provided me with materials regarding a proposal for the federal budget for 1975.



As you can see here, the military is given 59% of the federal budget and then 21% goes to human resources, 9% to physical resources and 11% to other. Now this is the way one proposal was and you can see how this works out -- this being the warfare, and this being the welfare.

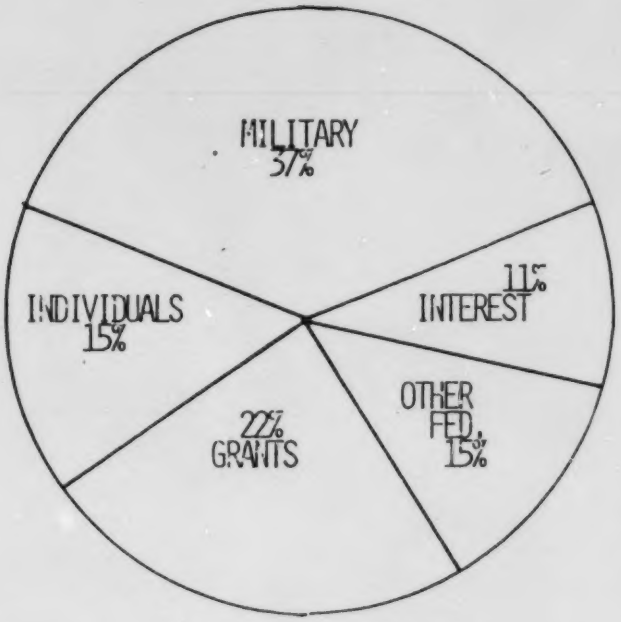
I thought, well now that isn't the way I heard it recently. So I called up Congressman Pritchard and said would you please give me a picture of the federal budget and this was sent to me.

40 The Welfare Mess - Underlying Value Assumptions



I said that doesn't look right somehow because how can you jump from 59% to 26% just like that in a year?

I went to one of my non-humanist co-workers and more pragmatic types who happens to be in political science, and he said, well I'll explain that to you. Right over here where it says benefits to individuals, the way they have worked this out, it is all a matter of rephrasing, recategorizing. Some of this actually is not dispensable anyway. It's all Social Security so it has to go back to the citizens. It couldn't possibly be dispensed to the military. We tried to readjust this. Congressman Pritchard had told me that the welfare benefits also include payments to veterans. In the previous budget the payments to veterans were considered part of the military budget. With the military budget adjusted so that you've taken out the Social Security, which is the non-controllable payment, you have a completely different percentage arrangement.



So this makes the military now 37% and some of this interest should go also into the military because that's the interest on past wars. The veteran's payments should also go to the military too so this gets bigger and bigger.

So with all that I confess that I was a little bit confused and my friend said, well, it's all intentional. He said the name of the game in the federal budget is confusion, because we try to recategorize, rephrase, restructure, these various sections of the budget.

Now, one other facet or one little bit of information I got is this. The military, between 1945 and 1975, has spent $1,7 trillion--our United States military. This is a very, very difficult monetary figure to conceive of. So, to break it down, this would pay for:

. a $20,000 house for every person over 65 in the United States
. plus $5,000 for 10 years per family
. plus a school system for 10 years
. plus higher education for 25 years
. plus a police force for 50 years
. plus everything of value in Canada

So with all of this confusion on where our money goes, it seems that our mentality is obviously structured more toward warfare than towards welfare.

Another facet of my discussion developed when I brought up the subject of welfare reform or welfare payments with some of my middle-income friends.

It was interesting to note that in almost every conversation people would express their sympathy with the less fortunate but would proceed to bring up incidents of cheating by welfare recipients. Each one I talked to included a remark such as, "I knew a man who" or "I've heard of a woman who" and then recounted a story of misrepresentation to the extent of several hundred dollars, which may or may not have brought the recipient up the poverty level, or possibly even beyond the poverty level. So, from these conversations, I assumed that one of the prime objections, if not the objection to the welfare program on the part of the middle class, was the publicized and rumored incidents of cheating. Dr. Williams referred to this and others have talked about this too, so it's a very common facet of the program. Because of this flaw, those I talked with seemed to believe that the welfare system is poorly administered and poorly designed in that they, as the stratum in the middle of the tax paying crunch, believed that they were being exploited and the welfare system or the welfare recipients were the culprits.

When I bring up a discussion of military defense expenditures, my friends grant that there are large financial outlays for the military but they don't spontaneously recall a case of petty cheating on the part of a recipient of military pay or suggest that the military system should be dissolved because certain individuals in the system cheat on occasion. But I know, personally, that individual cheating goes on in the military. Having been a Navy wife for 20 years I know this first hand. I, myself, have several Navy bath towels in my linen closet and I cooked my third Thanksgiving turkey in a roasting pan that was government issued.

It all seems a matter of degree, of ability to visualize. The tax payer can visualize cheating in the amount of several hundred dollars but when it comes to amounts in the millions of dollars or even billions of dollars, as for example the price of the B-1 bombers, which ranges from $76 million per plane to $19 billion for a fleet of 244, or $75 billion for a 30 year operation, or the Trident submarine, estimated at $50.5 billion for 10 submarines alone, not including the base and the tankers to serve them, the mind boggles and goes back to petty cheating of a few hundred dollars in order to maintain a poverty level existence.

Then I hear the argument that these defense contracts for military weapons create employment and, therefore, few would remain on welfare and that's good. Then I say no, that's bad because we have gradually shifted our values and are accepting the values of the warfare minded that creativity lies in death and death dealing instruments, rather than in life and the pursuit of better education, better housing, better transportation, better medical programs and better mental health and promoting the general welfare.

Charles Morris

Let me say first, I've had a chance to view much of what Professor Piven talked about, I think from some fairly unique vantage points, both in eastern states, two of them--New York City and here. I was somewhat involved from one standpoint or the other in much of the 1960's episodes which she recounted to you. I think that her basic thesis is probably right although I do have certain particular areas where we would part company.

I think that she's right but I also think that Professor Williams speaks the truth too. I think that Professor Piven is basically right when she says that the real change in the AFDC system, particularly in New York City, came after the welfare recipients had taken to the streets. I mean that's simply so. One thing that I think she leaves out is that those reforms in the 1960's came at a time when there was a fairly large surplus of public funds. So I think that it was a combination of rage building up, taking to the streets at a time when the federal government could sharply change its welfare practices and not raise income taxes. If you recall they could cut income taxes at the same time that that happened. So I think it's probably a function, both of the taking to the streets, a function of at least a large sector of the legislature and the executive branch at that time feeling conscience driven impulses, and three, money was there without increasing taxes.

I also think if you look back to the industrial workers, they took to the streets in the 1930's and not very much happened through to about 1938. The federal government discovered that they did not have to balance the federal budget about 1935. Even so, if you look at the course of deficit spending there was only a very small increase in deficit federal spending until the second World War started. Then all of a sudden federal spending tripled. The federal deficit the first year ran at least the size of the federal income, and the total economy turned around. There were lots and lots of funds and reform became, reform I should say, changed, became very, very cheap.

I also want to say that I think Piven is a bit unfair to some of the leadership who have gone on to the electoral side. I mean it's not

totally true that every ethnic group has won its reforms only by taking to streets. Very many of the white ethnic groups, whether this applies to the black ethnic or latin groups I can't say, won their change by simply taking over a corrupt political structure, possibly making it more corrupt, but in any case, directing it to their own purposes. This was certainly true in the east coast and in some of the major cities in the east coast.

Now where are we going? In the Urban League Income Maintenance document you find the Okner proposals. If you look at Table V you will see that under these proposals, even though they be relatively small, there would be some positive shift down, a positive redistribution of income in a downward direction.

TABLE V*

Percent Increase or Decrease in Income Under Present Tax and Transfer System Compared with Four C.I.T. Plans

(a negative effective tax rate means people in this class receive a transfer)

People in this income category	Are taxed at this rate at present	And would be taxed at these rates under C.I.T. Plan (A)	(B)	(C)	(D)
Under $3,000 per year	-181.1%	-266.1%	-271.3%	-257.5%	-254.7%
$3,000-$5,000	- 13.8	- 37.4	- 39.8	- 30.9	- 37.3
$5,000-$10,000	2.4	- 5.1	- 6.5	- 2.5	- 6.8
$10,000-$15,000	7.8	9.5	9.1	9.7	8.4
$15,000-$20,000	9.2	15.6	16.1	14.8	15.6
$20,000-$25,000	11.0	19.3	20.1	17.9	19.8
$25,000-$50,000	13.3	23.4	24.8	21.3	24.4
$50,000-$100,000	20.4	28.2	30.0	24.7	28.5
$100,000-$500,000	26.7	30.8	33.0	26.7	31.3

Present rates are based on 1970 data

Look at the tax changes in the groups $10,000 to $15,000, and $15,000 to $20,000, and $20,000 to $25,000 income groups. The effective tax rate in the $10,000 to $15,000 group at present is 7.8%; at $15,000 to $20,000, 9.2%; at $20,000 to $25,000, 11.0%. Now I know a foreman at the Olympia Brewery, first level supervisor type, who makes with his overtime between $18,000 and $22,000. He has to work overtime to make that much money. His basic salary is about $15,000, but I think the medium income family in the state of Washington is about $14,000. So you're in the fairly middle class here and you see there is a fairly sizeable tax change for that guy.

*Income Maintenance, the National Urban League Position, New York, N.Y., July, 1975, Table V, p. 34.

Now unless you can cut into the military spending, in the $20,000 to $25,000 bracket, the tax almost doubles; and at the $15,000 to $20,000 level, depending on which plan you pick, it's about a two-thirds to a fifty percent increase; and it's a significant, thirty percent or so, increase to the $10,000 to $15,000 fellow. Now they are going to resist that and I think that we're into a cyclical kind of period.

This is the sort of problem that has to be overcome, and I think we are talking about a combination of street work, legislative change, conscience pricking, and also a lot depends on what happens to the over-all economy, on how much money we've got. There is indeed not a contradiction between the drying up of resource programs at the same time that there is an economic decline. It may sound silly, but the two really do relate to one another.

Robert Coburn

I have, on my office door, a cartoon that shows a very quizzical looking little person confronting another little person, and the very quizzical looking one saying, you think funny. Probably there has never been a conference of this sort in which a lot of people didn't think that a lot of the other people involved didn't think funny. I would like to say, in the time I have, a little bit about why I think some of the other speakers think funny.

But, first of all, let me say a couple of things about where I agreed. The point was made by Mr. Carter, although he didn't put it in just this way, but I think it's an extremely important point, that in any society there are certain goods which are available for distribution to the members of the society and how these goods get distributed depends very much upon the basic institutions of the society, economic, legal and so on. So what you need to think about, if you are going to think about whether the distribution is a good one, is what values are going to be served by setting up your institutions so that these goods get distributed in the way that they eventually do.

Now it seems to me it's worth keeping in mind that income maintenance programs, for example, are very, very important in serving the interests of liberty, and one of the basic values in this society is liberty. How is that? Well in the early days, private property served the interest of liberty because people who had it could tell other people to go to hell and they would be secure. An income maintenance program nowadays, to a certain extent, and this is the point Mr. Carter made, serves the same purpose. It would enable people to have a kind of security that would enable them to protest, to engage in various kinds of activities which they otherwise might not be able to engage in, because they'd be too fearful of losing their livelihood if they did engage in them.

Also, there is equality of opportunity, which is another of the values which is widely upheld in this society. And a certain amount of equality and a certain amount of income maintenance is quite crucial for equality of opportunity in the significant sense of that expression. You can have equality of opportunity in a relatively non-significant sense, sometimes called <u>formal</u> equality of opportunity when you just don't have certain kinds of requirements for certain positions. I mean you don't build it into the

law that someone who is black cannot become a doctor, something like that. Then you've got formal equality of opportunity but that's relatively insignificant. What you need is substantial equality of opportunity which means roughly that no matter what sector of society a person is born in, he has the same life chances as anybody born in any other sector of society who is similarly endowed and motivated. And the only way to get equality of opportunity in that substantial sense is to have a good deal more economic equality than we have and certainly a reasonable income maintenance program.

Now a couple of difficulties. It was suggested earlier that the government engages in all kinds of transfer programs which have the effect of redistributing income, very often to the wealthy, instead of to the poor, though of course some of the transfer programs redistribute income to the poor. Now it's important to keep in mind, in connection with these transfer programs that sometimes they serve other functions besides merely redistributing the income to the well-to-do or rich. So, in evaluating loopholes, tax breaks and so on, you have to keep in mind not only that in some cases do they redistribute the income in ways that may not be felicitous but they may serve other goals, other goals which are very important. Sc you can't just throw them out because they redistribute income from the lower classes to the upper classes.

One word about the military budget. Sometimes people say, "Look, the military budget is terrifically big, and just a little bit of money goes into some of these other things which are very important." It doesn't follow from that we ought to cut down the military budget, any more than it follows from the fact, for example, that nuclear power is extremely dangerous, that we ought not to have nuclear power. I mean you need to show something else, namely, that the alternatives are worse. Now in connection with the military budget, there is a tremendous amount of waste, all sorts of good arguments for thinking the B-1 bomber is clearly something we really don't need. After all we've got the B-52, and we don't even need that. The Russians have no strategic bombers and they are perfectly safe. But, any money that's spent in the military budget to ensure our retaliatory capacity is very important and we ought not, not to spend that money, because once we lose our retaliatory capacity that gives the Russians a first strike capability; that is, they can knock out our retaliatory capacity and once that happens there is a tremendous amount of instability in the system. Once a crisis arises, it will be possible for them to reason, "Look they're going to try and hit us first because if they don't hit us first, they won't have anything to hit us with, so therefore we are going to have to hit them before they hit us," and so there is a pressure on both sides to use those weapons first. That would be a terribly dangerous situation, I mean a lot more dangerous than the present situation which is already terribly dangerous. So we do need to spend money to protect our retaliatory capacity, which is not again the same thing as saying we need to spend everything we do spend on the military budget.

Finally, I'd like to come back to this point about the fact that the rules governing the basic institutions determine who gets what in this society fundamentally and I'd like to recall to your mind some of the words of one of the founding fathers. After all this is the bicentennial year and we ought to keep the words of founding fathers in mind, particularly when they are radical. Here is a passage from one of the greatest of the founding fathers.

> "Private property is a creature of society and is subject to the calls of that society whenever its necessity shall require it, even to its last farthing... Its contributions therefore to the public exigencies are not to be considered as conferring a benefit on the public entitling the contributor to distinctions, honors and power, but the return of an obligation previously received for the payment of a just debt. The important ends of civil society and the personal securities of life, and liberty, these remain the same in every member of society and the poorest continues to have an equal claim to them with the most opulent, whatever difference time, chance, or industry may occasion in their circumstances."

That's from Benjamin Franklin.

POLITICAL PROSPECTS FOR FULL EMPLOYMENT AND INCOME MAINTENANCE LEGISLATION

Ronald H. Brown

The organizers of the conference have asked me to do almost the impossible -- that is, tell you what the political prospects are for the various issues that you are discussing today and will be discussing tomorrow. In order to illustrate how difficult that task is, I'd like to tell you a little story that points out some of the uncertainties of life. It's one of those bad news and good news stories; it's a story that I heard a year or 18 months ago in Atlanta. It's a story about one Lester Maddox.

I think all of you remember Lester Maddox, although many of us would like to forget him. He has been somewhat resurrected during this presidential primary campaign, as a result of his trip to New Hampshire and various statements that he has made. You probably remember him for some very negative things, like selling axe handles to keep black people out of his restaurants, being a champion for those who were in favor of continued segregation, and being against any changes in anti-miscegenation laws. He believed in the purity of the white race and did not want any intermingling or intermixing among the races.

It seems that Governor Maddox had been extremely ill and that he was very concerned about his illness. He was unable to get an accurate diagnosis of what the illness was, and he had reason to believe that it was a terminal illness. He became increasingly concerned as he went from doctor to doctor to try to find out exactly what it was that was ailing him. After many months of being unable to do so, he finally flew out to Minnesota to the Mayo Clinic and went through a week's series of tests and examinations to determine the nature of his illness.

Well, after he had all these tests, he was in a very depressed state of mind. He really thought that he had only a matter of weeks to live. The doctor called him in and he said, "Governor Maddox, I've got some good news for you and I've got some bad news for you. Which would you like to hear first?" The Governor said, "Well, I am so depressed, just give me the good news first." So the doctor said, "Well, Governor the good news is that you have one full year to live." The Governor was really very relieved because he thought his life span was going to be much shorter than that. He said, "Well, what is the bad news doctor?" And the doctor looked at Governor Maddox and he said, "Governor Maddox you have sickle cell anemia.".

That helps to illustrate that life has so many uncertainties that we need to be very careful about making predictions about what is going to happen to anything. Nonetheless, I will attempt to do just that. What I really want to do, this afternoon, is to talk to you rather informally about some of the things that I've been concerned about principally related to my perspective from Washington. I want to do that in a way that is probably going to irritate some of you. I'm going to say some pretty hard things that some of you might not like. I'll probably also say some things that you agree with. I hope that can be my role - not to say only things that you agree with and like but to try to stimulate some conversations, some interest in the subjects that all of us are most concerned about.

I will begin by giving you a brief over-view of how I see the Washington scene, that is, the decision making apparatus of that Washington scene and how it has an impact on the issues that we're concerned about. I then want to mention, without considerable detail, some of the principal issues and opportunities that I see before us over the next several months. I want to talk a little bit about the economic crisis particularly as it relates to the two major issues that we are going to discuss--welfare reform and income maintenance--along with the whole full employment concept. And finally, I want to talk a little politics. That might sound like it's kind of a long route to the issue that is listed in the program, but I'm going to take those liberties, not just because I feel like taking liberties, but because I think it is impossible to pluck out two issues, like full employment and income maintenance and talk about the political prospects for them without setting the stage and without giving some examples of the direction in which our government and our decision makers are moving. Hopefully we will better understand how one issue relates to other issues and will be better able to make judgments about it.

First, let's take a look at the three major branches of government. I'd like to give you a very brief analysis of how I view them and the direction in which they are moving. First, the judicial branch. The judiciary has been in the forefront, in the very vanguard, of social action and social change in this country for many years, and that has come to an abrupt end. There is a song that says, "The song has ended, but the melody lingers on.". Well the Nixon melody lingers on as far as the courts of this country are concerned. I think that's a tragedy. I think what has happened is that the courts have been effectively packed with individuals who are not concerned with the kinds of social issues that the courts have been concerned with in the past. I think that's very unfortunate.

I'm not indicating that I think the courts should not be used in our strategy to ferment social change in this country. What I am suggesting is that our expectations probably shouldn't be as high as they were just a few

years ago. There is hope of reversal. Most of you read about the Gautreaux case, decided earlier this week, which had to do with low income housing in the suburbs. That's not a conclusive case but I think it's an important step forward. Particularly I think we should note the fact that the vote in the Supreme Court was eight to nothing. Of course, in that particular case we were involved with an agency of the federal government, the Department of Housing and Urban Development, which was involved in overt action that actually fostered and promoted racial discrimination in housing. It seems to me that the case was based on a very clear cut set of facts. Nonetheless, the record of the Court on the whole, on the kinds of issues that we are most concerned about has been progressively poorer over the last couple of years.

As far as the Executive Branch of government is concerned, I think that the best we can say is that it's open and accessible, but that is not enough. In many respects, the Nixon administration had a little bit of an excuse. At least President Nixon had a little bit of an excuse because he was an isolated president. There were indications that he was not receiving proper information.

That is not the case with the Ford administration. It is an open administration. It is accessible. It is possible to get information, to get decision options to President Ford and the people in his cabinet. I think the problem is that, even with that information, the wrong kinds of decisions are being made as far as the interests of minority groups and poor people are concerned in this country. I think that's a tragedy. But when we look at the record that President Ford had as a member of Congress we should not be surprised at this kind of direction and thrust because there is really nothing in the President's record, either past or present, to indicate any great sensitivity to the social needs and economic needs and aspirations of black and minority groups and poor people in this country. I think that's sad. What is of great concern to me is that between now and election time it might get worse. It seems to be clear that the Administration has carved out a bit of political turf for itself which excludes the interests of poor people in this country.

As far as the legislative branch is concerned, I think it's almost equally sad because the Democratic controlled Congress has done little with the kinds of social issues that we are most concerned about. There have been no new initiatives in the vital issues of welfare reform, national health insurance and those other major pieces of legislation that could make the lives of people in our country better. This is sad because there really did seem to be a lot of hope after November, 1974 when we thought we had elected a very progressive Congress, but that hope is fast fading. I think one reason for that hope was that the Congress, during the Nixon years, had been humiliated; they had been relegated to second class citizenship and at the beginning of January, 1975 the Congress began to assert itself once again as a co-equal branch of government. I think that was a very positive development. I think the most positive development was the fact that many people that I would classify as ultra-conservatives, as reactionaries, were removed from office in 1974 and the Congress was better because of it. We saw the elimination of many regressive rules and procedures in the Congress. But still there has not been the kind of attention that we need to the social issues that must be addressed.

I think there are a couple of meaningful exceptions to that. One was the extension and expansion of the Voting Rights Act to include attention to

the voting rights of Spanish speaking and other non-English speaking minority groups in this country. I think that there has generally been improvement but I think if we were expecting a super liberal, a super progressive Congress, we have certainly been disappointed. I think we need to be aware of the political realities as we move closer to November, 1976. That is, many of the more progressive Congressmen elected in 1974 were elected in districts where Watergate was indeed a major issue. Now those Congressmen have to go back and face that conservative constituency again. So I fear that they will be moving further away from the issues that we are most concerned about as we move closer to November.

Let me now just mention a few critical issues that I think bear on full employment and on welfare reform because they have economic implications. One issue is revenue sharing. I know that's something that is not to be discussed as a major portion of this conference but it seems to me that we can't ignore it because it has such significance as far as the funding of services at the local level is concerned.

The National Urban League has had grave problems with revenue sharing ever since its inception. The legislation could expire in a few months but everyone expects that it will be renewed. All of our initial concerns have been borne out. First, revenue sharing was built on a faulty assumption. That assumption was that somehow, because local and state governments are in closer physical proximity to the people, they are going to be more in tune with, more sensitive to the needs of the people. History tells us that this is not true. As a matter of fact, almost all the gains that minority group people and poor people have made in this country have been through the intervention of the federal government. We cannot forget that. Local decision makers have been the least sensitive to the needs of poor people because generally those are the people who have the least amount of political clout.

I think there are some other tragedies in the way revenue sharing was thrust upon us. Deceptive tactics were used. When President Nixon first talked about revenue sharing he talked about it being a program in addition to what we had--in addition to categorical programs. But when revenue sharing came in to being, it was instead of categorical programs. So, in effect, local elected officials, both at the state and the municipal level, were asked to provide more services with fewer resources. That was an impossible task and we see the results of that decision all across the country. We cannot permit the federal government to abdicate its responsibility to its citizens just by sloganeering about returning power to the people. We must ask ourselves who really benefits by the new kinds of process--the new federalism that we have embarked upon.

The fact is there has been no enforcement of civil rights protections under revenue sharing. There has been totally inadequate citizen participation in that decision making process. If revenue sharing is to be renewed legislatively, we have to demand that some very substantial and significant changes are made, including changes in the formula by which dollars are distributed. We've all heard stories about bridle paths and tennis courts being built in the suburbs. I play tennis. I like to play tennis. But they should not be building tennis courts in the suburbs when people are going hungry and without basic services in the urban areas of our country. Under the present formula, we are allowed to spend our money that way. I think that's a disgrace and something we have to change.

Let's look at what's happening as far as the federal budget is con-

cerned and how we're allocating our resources. The thrust, obviously, is toward no new programs, no expanded programs, and cuts in existing programs--all under the guise of fiscal responsibility. It seems to me that we can't fall into that smaller pie trap. All of a sudden everyone is telling us the pie is going to get smaller and smaller and there are not going to be resources available. That's just fallacious. There are ways to keep the pie expanding. I think we have to find those ways and implement them so that we can distribute resources in ways that we have not been able to distribute them before.

There's a pervasive attitude that seems to be analogous to punishing the victims for the crimes. I think that what has happened to the Food Stamp program is a very clear example of that. Once again we are looking for a scapegoat and the scapegoat, once again, is poor people in this country. The Food Stamp program has done exactly what it was intended to do--feed hungry people. It was originally initiated as a nutrition program. The growth in the Food Stamp program has been directly related to the growth in unemployment in this country. So it makes absolute sense that as unemployment has begun to diminish in certain areas, so has participation in the Food Stamp program. It seems to me that attacking hungry people instead of attacking the problem of hunger, is no way to run a government but that is exactly what we are saying with the kinds of irrational and deceptive attacks that have been perpetrated on that program.

Everybody is concerned about inflation and indeed we all should be. It is a major problem, but at what price? How much will it cost us to put people back to work? How much will it cost us to make benefit receivers into income producers? I would contend very strongly, and there's a lot of data to support this, that over the long term it is indeed more economical to create jobs for people and to put them back to work.

Let me just touch briefly on the problem of affirmative action because I think it highlights the kind of backing off that we've seen on major social issues--issues of economic and social justice in this country. I have heard a lot of apologies lately about affirmative action. There is no need to apologize for affirmative action. Affirmative action is right, affirmative action works, and affirmative action is the law. There is no need to have the kind of defensive attitude about justifying affirmative action that I've heard around the country over the past year or so. It's under attack as never before. Even some of our friends have deserted us on this issue.

One of the reasons has been because of the economic crisis that we are facing in this country. Some have chosen to pit the issue of seniority against affirmative action. I think that's really a fallacious argument. There are ways to compromise. I think seniority is a very hard won, hard earned right, but I do not think that it is sacrosanct. It is certainly no more sacrosanct than justice and equality. When we see the last hired, first fired principle being enforced so that no one is losing jobs but black and other minority group people, and people who have traditionally been on the lowest end of the economic spectrum, then we need to do something about that. We can't just accept it. There have been occasions where something has been done about it. For example, the New York telephone company had an option of either laying off four hundred people, virtually all of whom would have been minority group people, or putting two thousand people on a shorter work week. What happened in this case--what I think can happen across this country--was that the parties to the collective bargaining agreement got together, sat down and worked out a solution. We can't say that no one has any seniority rights. That would be

ridiculous, but we can encourage the unions and workers and the corporate executives to sit down and work out compromise solutions so that we can keep all of our people at work. It has been done in other places, and I think it can be done nationwide.

Let me talk just a little bit about the economic crisis. There is a saying that when America gets a cold, black people, poor people, other minority group people, catch pneumonia. That's just about true when you analyze the statistics that are involved. We cannot declare the economic crisis over by merely uttering words when we look at the rampant unemployment that still exists in this country. The sad thing is that our economic crisis has, to a large measure, been caused by misguided economic policies. We were in fact told that we were going to fight inflation by higher unemployment. As a matter of fact, we basically accepted that. We did nothing as citizens to turn that decision around. That was a disgrace. There was nothing deceptive about it. There was nothing behind the scenes about it. The strategy was laid out very clearly and it was a misguided strategy, an inappropriate strategy and an unnecessary strategy.

With that strategy, we brought ourselves right to the brink of depression--the worst kind of economic situation that has been at hand in this country since the great depression. The real tragedy again is that we know that we have a cyclical economy; we know that we have hills and valleys and we know which people suffer the most when we go into those valleys. It is the same people, every time, that suffer the most. Yet we do nothing, absolutely nothing, to intervene in that system to make it a just system. We can intervene to make it a just system if we just have the will to do so.

One of the things that makes it difficult to intervene is the insidious myths that are being promulgated. Lisle Carter and others who spoke this morning talked a little bit about them. We've been led to believe that somehow the gap between black and white income is shrinking. That's utter nonsense. The data just does not support that. As a matter of fact, the gap is growing. In 1968, for example, the average black family earned only about 61 percent of what the average white family earned. In 1975 that figure had shrunk to 57 percent. So indeed black families are earning less in proportion to white families than they were just a few years ago. Just two years ago one quarter of all black families were over what the federal government defines as middle income level. Now less than one fifth are above that level. So we are losing ground in that area too. Anybody that tells you any differently is not telling you the truth.

Myths are being promulgated which make it hard for us to take the kind of political action that we need to take. The white community was traumatized when this country reached 9 percent unemployment. But do you know that unemployment in the black community has not been below 9 percent in the last five years? There was no trauma, there was no hollering, there was no yelling for social action or social change. That's the one good thing I can say about the depths of the economic crisis that we have gotten ourselves into-at least now it is perceived as everybody's problem, not just black people's problem, not just minority group people's problem, but everybody's problem.

It is only when we start perceiving it as everybody's problem that we can begin to get some concerted action; but the action has been totally inadequate. Only 300,000 public service jobs have been created in this country when, even by the sorry, inaccurate, Department of Labor Statistics figures, there are 8 million people unemployed. The National Urban League contends that

there are twice that many people unemployed in this country. The Department of Labor's data does not include discouraged workers, that is people who have dropped out of the labor force because they are tired of beating their heads against the wall and not being able to get employment. It does not include all those people who need and want and desire and seek full time employment but are forced to take part time jobs. When we put all of those people in the pot there are 16 million unemployed in this country, not 8 million. The talk is that black unemployment in this country is 13 percent. That's nonsense. Black unemployment is 25 percent. One out of every four black workers is unemployed. It is time that we started getting the true data out of our government.

There are some very sad human statistics that we need to be concerned about. One-third of the 8 million black children in this country are now living in homes where the head of the household is unemployed. Just think about that for a second. One-third of all the black children in this country are living in homes where the head of the household is unemployed. Think about the long term implications of that fact. It's a tragedy, a tragedy that we have not yet begun to address. The leadership response to the kind of economic crisis that we have been through, and are still in, has been totally inadequate and in many ways it has been counter-productive.

I think that the best we can do now in trying to analyze political prospects is to look at the legislation that is before us. The most significant piece of legislation is the Humphrey-Hawkins Bill, the Full Employment and Balanced Growth Act of 1976, known as HR-50, in the Congress. That bill is not a panacea. There are a lot of things wrong with it because it was built out of compromise and compromise is necessary. At first the bill did not have labor support. Now it does, after weeks and weeks of sitting down around a table and ironing out some problems. I think we've got to do a better job in the bill about the definition of the adult population. We don't want, once again, to exclude young people from a right to work. It seems to me that we've got to do a better job of making sure that discouraged workers are included in the labor force so they are not once again relegated to a permanent underclass status. When the bill talks about 3 percent unemployment generally, we ought to look at what unemployment is among those various sub-groups that we are concerned about. I think it is absolutely unconscionable that we permit minority group people in this country to have twice the unemployment rate of majority group people. I think we've got to do something about that and the only way we can is to look at how that percentage unemployment rate applies to various sub-groups. Nonetheless, I think that the bill does a lot. It does establish the basic principle of a right to paid employment, at fair compensation, for every American ready and willing to work. I think that's a very, very important principle.

I believe the prospects for the bill are generally good. I say this for a couple of reasons. There are certainly going to be some problems but I think that there is broad based support for the legislation in its present form. The picture in the House of Representatives is particularly good. The bill has about one hundred co-sponsors in the House of Representatives now and if I had to predict, I would say it will pass the House by mid summer. I think the situation in the Senate, surprisingly, is a little more tenuous than that, not so much because I think that the Senate will vote against it, but because there are some procedural problems in the Senate. There are three Senate Committees that theoretically could have some jurisdiction over the legislation

and you know how it is in a political year. All three committee chairmen, with an issue like this, are going to want to hold hearings and if all three of them hold hearings it will be fall before we can get a bill out of the Senate. So I am concerned about the time constraint.

What I am most concerned about is that even after the bill is passed in the House and Senate and a conference committee appointed and we get a final draft of the bill, we still face the possibility of veto. You've all been following what governing by veto has been doing to us over the last year and a half. I think that really is a tragedy but it's something that we have to face honestly. Nonetheless, the prospects of at least getting the bill out of both houses of Congress is good.

As far as welfare reform and income maintenance are concerned, I have a little different prediction about the prospects. I think that everyone with any sense must know at this time that we have got to do something about our welfare system. It needs drastic reform and we need new income maintenance programs. Our present system is a mess and it doesn't work. That was pointed out clearly in this morning's presentations and I think it's something that we knew even before this morning. There are great deficiencies inherent in the more than one hundred income transfer programs which we now have with us. The majority of these programs provide benefits for only specific, small categories of our population; they are administered jointly by federal, state and local government. That makes them cumbersome and complex and really not efficiently run. Many of these programs are work conditioned, meaning that recipients, in order to receive benefits, must be willing to work or to submit to job training. The defect of such a work requirement is that it assumes that all income transfer recipients are able-bodied and fully employable individuals who are merely lacking a good dose of the work ethic. Those beliefs are unwarranted and totally nonsensical. Additionally, with the high unemployment rate, it assumes that there are available jobs which is clearly not the case.

Because these programs have not worked effectively, the Urban League last year proposed a Universal Refundable Credit Income Tax program which would set a minimum income level, below which no individual would be allowed to fall. The basic premises of that program would be that it would be universal and equitable; it would be federally administered and it would not be work conditioned. The benefits would be cash, rather than in-kind. You have a copy of that program and several of the speakers this morning have made reference to it.

Because this is an election year, the political prospects for welfare reform in my judgment are extremely bleak, almost non-existent, in this session of Congress. As you know, the issue of welfare reform is an extremely volatile issue, one which has caused much controversy for many years, but certainly since President Nixon introduced the Family Assistance plan in 1968. After that we got HR-1 into legislatative form but after a series of amendments the bill became so regressive and repressive that many people interested in welfare reform had to oppose it on principle. We also got Martha Griffiths' bill which had some very positive features-features that many of us could support.

The kind of response that the National Urban League has gotten to its Credit Income Tax program gives us encouragement. My office in Washington sent a copy of this proposal to every decision maker who has anything to do with decision making on issues of this sort. It went to all members of Congress, members of the Economic Council and what not. One expects to get courteous

form letter responses back. Surprisingly, we got a lot of substantive comment back. I think that's an indication that we achieved what we wanted to do--surface the issue.

That's why this conference is so important. It heightens awareness, it surfaces issues, it gets us talking and understanding what we face in trying to get this through. I think there have been some positive comments from people in the administration, some from HEW, although we're questioning whether they fully understand what our program says. Even Secretary of the Treasury Simon has talked about the need for tax reform which fits well into the kind of recommendations that we are making. But we know it is politically a very touchy subject. No matter how we couch it, we are talking about redistribution of income. When you start talking about redistribution of income, you're talking about a thing that is very, very difficult politically.

We've got to engage in the kind of massive public education effort that we have never seen on any social issue in this country. That's how important this issue is. It's everybody's problem, everybody's issue. We have got to build strong coalitions around it. There is, of course, some danger in coalitions, as there always is. Remember what happened with HR-1. The more people we got to support it the more it got diluted and the more unacceptable it became to those of us who were really interested in reform. We've got to be careful about that in this case as well. But I think that over the long term--when I say long term I mean three to five years--we are going to have a major welfare reform in this country. It's going to take the kind of concerted action on the part of all of us that we have not been willing to exhibit before on other issues.

What do we do about all this, about all of these problems, all of the social and economic situations that exist that we have not been able to address appropriately before? How do we maximize our resources? I truly believe that the answer lies in the political arena. All of the problems that I have mentioned, all of the problems and the inability to do something about the problems, are really related to the gross lack of political power on the part of minority group and poor people in our society. The gross lack of political power is at the root of our inability to move our government in a way that will truly benefit and improve the lives of poor people.

I think that there is hope in the political arena. I think we just need to look at a bit of recent history to see that hope. Go back to the election of 1974 where regardless of how I have analyzed how the Congress turned out, there was a real assertion of political power by minority group people and enlightened and progressive forces in this country. Generally there were great gains, some very significant gains, and they were attributable to a new kind of sophistication and solidarity.

Let me just point out one example. There was a Congressman in Louisiana by the name of John Rarick whom I could not characterize in any other way than ultra-conservative. Yet he had come from a district that had a lot of black voters and those black voters, year after year, continued to send Mr. Rarick, a Democrat, back to Congress. Nobody who analyzed his voting record could understand that but he continued to go back to Congress. That is one thing we haven't yet begun to fully understand--politics is about rewarding friends and turning our enemies out of office. We haven't begun to understand and grapple with that yet. Often times we've been afraid to step on people's toes, to offend people, to really hold them accountable for what they do as elected officials. We have to start doing that. We have to start holding our

elected officials accountable for everything they do, particularly in the policy making area.

What happened in the case of John Rarick in 1974 is that he was challenged by a liberal, progressive, white Louisianan by the name of Jeff LaCrays. We analyzed the voting characteristics of the black community in that particular election. Out of 9,000 votes, Rarick only got 81. That's what should have been happening every year that Rarick ran for office but it didn't happen until 1974. That kind of concerted political action gives me hope that there are some avenues open in the political arena.

We saw some minority group candidates get elected to state office in 1974: Lieutenant Governors of California and Colorado and the Secretary of State of Connecticut. I think that's very great progress as far as political participation of minority groups. Look at what's happened, particularly in the south. Ten percent of the Alabama State Legislature is now made up of blacks. That's unbelievable. You would not have believed that could happen just five years ago. There are twenty-two blacks in the Georgia State legislation now and thirteen in South Carolina. There is similar but not enough progress with the Spanish speaking community as well. I think what has been shown, and what was shown in 1974, contrary to public belief, contrary to what a lot of the data shows, is that minority group voters are not and cannot permit themselves to be in anyone's hip pocket. Progressive republicans, as well as progressive democrats, did well in minority group communities.

I think the tragedy is the lack of voter participation, the lack of voter registration in the minority group community. For example, I have data on black voting participation but the same would apply to the participation of other minority group people in this country. There are an estimated 15 million eligible black voters in this country and only a little over 50 percent -one half- are registered to vote. That's a disgrace. As far as participation is concerned, in the 1974 Congressional elections only 38 percent of registered black voters bothered to go to the polls. It wasn't much better for white voters either, which is equally disgraceful.

I think when we talk about participation in the political process we're not only talking about congressional or presidential elections, we're talking about party politics, we're talking about primaries. The Massachusetts primary was a horrible example. Only 32 percent of registered white voters in the state of Massachusetts voted in the primary and only 21 percent of black voters. With that kind of participation we cannot hope to make any real impact on the political process.

People talk about disillusionment. "Well, folks are disillusioned. That's why they don't participate." I maintain that we cannot afford the luxury of despair when we've got the kinds of issues facing our country that we're talking about here today and tomorrow. I believe that we are truly at a crossroads. We must understand the depth of the crisis. We must better understand and use the opportunities for change. We must form new coalitions of people of good will, compassion, and common sense. We must have increased political activism and renewed interest in the political process because it is in that arena where decisions are made. This is particularly true in 1976. In short, people like those of you in this room, people like you and I, have to pull together and meet together and talk together and work together and struggle together and fight together, to strive, to seek, to find, and not to yield.

THE IMPACT OF ECONOMIC INSECURITY ON FAMILIES

Kathy Briar

Before I start discussing some of my ideas and concerns about the effect of economic insecurity on people, I want to share with you a response to some rumblings that I hear about families. "All we ever hear about is that families are troubled and why is it that families get such a fair shake when the divorce rate is soaring and we have multiple families and many alternatives to families?" I suggest that, as I expose you to some information I have about families, we use that as a way of trying to understand what happens to people who are not attached to families.

With that, I'd like to share with you my concern about what it means when we don't have enough income to meet our needs. While we know that the death of the bread winner or an increase in family size may drastically increase economic insecurity, sending some people into devastating straits of poverty, I'm concerned about one special cause of economic insecurity--unemployment.

We don't know very much about the effects of unemployment on people's lives. When I say that, I know that many of you have been touched personally by unemployment. But we find, as we scan the literature, that there are very few accounts since the depression era of what it's like for people to be unemployed. You and I and others who have been touched by the problem are carriers of this knowledge but somehow the knowledge is not really moving too far beyond where we are. I am here to share some of my observations and some research that I collected during the 1970-1972 recession in Seattle.

It is true that scattered throughout the literature are suggestions that crime, suicide, violence, mental illness and health problems accompany

unemployment. In fact, two medical researchers recently offered data that shows that unemployment causes health problems and that the full impact of these health problems may be delayed for some time, even years. One doctor claims that longevity is affected by unemployment and that one's life span may be actually reduced five years or more from a siege of unemployment. Other research suggests that heart problems sometimes develop two or three years after job loss has occurred. Some of you may be aware of the study conducted by Harvey Brenner who examined trends in the economy and found dramatic correlations between recessions and mental illness. Beyond these studies, though, we basically lack the kind of information that would help us understand the personal consequences of unemployment and economic insecurity for workers and their families.

The data I am drawing from today is based partly on the recession earlier in Seattle and partly on my own work with community college students, many of whom seek help through the community college as a way of attempting to resolve some of their problems related to unemployment and poverty. I think that one theme which reappears is that economic insecurity tends to breed or encourage more economic insecurity. That doesn't necessarily have to happen but sometimes, in our attempts to deal with financial problems, we actually deepen the problem.

What is clear is that financial insecurity or the lack of funds sufficient to maintain one's standard of living may result in irreparable damage to workers and their families. By looking at what happens to these workers, including white collar workers, we may be able to understand better the process that leads some to slide right on to welfare and to understand what happens before one reaches rock bottom.

The typical pattern for workers who often, through no fault of their own find themselves suddenly laid off, is to attempt to find some way of sustaining themselves and their families until another job is obtained. This usually means that savings if there are any, and often with our credit card culture there are none at the point of job loss, are used along with other resources or investments to generate income for the family. Some families may be able to forestall drastic cutbacks for themselves by using up these resources but once the savings and resources are gone the worker has little to cushion the family from a financial skid.

Unemployment benefits which, as most of you know only cover about two-thirds of the workers in this country, (and that is people who are working, not those who are discouraged and have dropped out of the labor market), only represent a fraction of a person's pay check. They do not prevent this economic skid. For example, a worker who had an income of $900 per month gets only $86 a week from unemployment. That is not enough income for the worker and family to live on. In fact, some workers have complained that in some states, and up until recently in this state, they could get more on welfare, had they been eligible, than from their unemployment benefits.

Expenses for workers' families cannot be met and so more cutbacks must be made. With the loss of job also comes the termination of health coverage making the worker and the family more vulnerable and compounding the problem. Health insurance is not the only insurance that is lost. Workers tend to see other insurances as areas for cutbacks before they get down to cutting out food and rent costs. Auto insurance and fire insurance are usually the next insurances, if the worker and family have them, that go. Soon, if not at the same time, the telephone, the car, and then rent, may be

eliminated. The telephone, so crucial to the earnest job seeker in making immediate contact with employers, and the car, in this area at least, a necessity for getting around, let alone looking for jobs, must go. Finally the house or the apartment are eliminated.

The very supports, the very amenities that might help the worker to get back to work and that might protect the family from further financial debt, like medical coverage or auto or fire insurance are all cut out. Workers' attempts to deal with their financial insecurity deepen their problem. They are forced to cut back on the very things that might protect them from going any farther down hill. Other assaults may occur as well. The worker may be forced to move several times with the last resort usually being a total dependence on somebody else. It may mean moving in with relatives or friends. Some of you know people like this, some of you may have people living with you because of that reason. They have no place else to turn. Once homes and property are gone, either because they are sold or they are repossessed, other avenues have to be found to raise money. Years of investment in possessions and status may be gone forever.

One worker in the study I conducted was a truck driver who had been working at that profession for twenty years. All of a sudden he found himself out of work and he had very little to draw on once he was rendered unemployed. He had used up three hundred and forty dollars from his life insurance and at that point he was wiped out. He had to declare bankruptcy. His car was repossessed. He had nothing in his pocket short of two dollars that some friend had lent him at the point that he was being interviewed for this study. The problem with this one truck driver was that he had been covered through unemployment compensation but he had a fight with his boss and while his eligibility was being debated he was told that he was ineligible for welfare. At the same time he was rendered more vulnerable because he couldn't even receive the benefits to which he felt he was entitled. Here was a clear case of somebody who not only fell through the cracks, but in doing so took five children with him.

The dwindling finances that affect families and workers may drive other family members to seek jobs to prevent this downward skid. Where the worker's whole image was based on being the family provider that image is wiped out when the job is wiped out. Then the loss of self image that's so reinforcing in our work oriented culture further assaults the worker who is already feeling guilty, who is already feeling that somehow, because he or she can't provide, she/he is failing, and taking the family with them.

This has effects on all the family relationships. There often is an attempt to romanticize poverty for a period of time but at the point when there is no food to put on the table the stoicism begins to break down and the romanticizing comes to a halt.

At that same time there may be disorganization in the family. It's at such a time that I have seen children run away and come to the attention of either the Juvenile Court or other social service agencies. The issue isn't, are they troubled. They are simply crying out, saying hey, there is something going on in my family and I don't understand it. I need help and I want to be able to help.

About this time the worker may be so withdrawn and depressed that he or she doesn't look for work. Often the description of the person sitting with the curtains all drawn around himself or herself is a very poignant epitome of the depression that occurs. Some are so withdrawn and feel so

guilty that they may stop speaking. At the same time other people in the family are saying, if you really cared about us, you'd go out and get a job, egging this worker on to get out and get going. They usually say, if you just look harder there's a good job waiting for you. And usually the worker believes this because she/he has no choice.

Some people give up. We read about them in the newspaper when they attempt suicide or they take hostages in food stamp offices. What choice does a person have but to believe that if he/she looks harder there's a good job waiting. In spite of what the statistics say about job openings or the high rates of unemployment, workers tend to need to deceive themselves that if they just look harder there'll be a job forthcoming and to let the family members encourage that ideology because that's the option that most have open to them. Revolution, suicide, are not options that most people at that point choose for themselves.

Spouses may seek work. This does not provide enough money to cushion the economic skid. At this point there may be conflict between the spouses, because the worker's image was based on being a provider and failure to find work has driven somebody else to go to work. That further attacks the self image which unfortunately is based on working.

Sometimes the children will seek work. The tragedy is that our unemployment rates hide the prevalence and the full extent of the problem in terms of the effect on children. The number of families and the number of children actually affected by the bread winner's joblessness is an untold story. All our statistics tell us is how many people, at a certain period of time in a certain month or for a certain year, are out of work. The statistics do not tell us how many other people, whose total lives are dependent on the income of that bread winner, are suddenly affected. It is usually at the point where kids are attempting to seek some remedy to help the family that they may come to the attention of a social service agency. That may be their way of trying to resolve the problem or at least get help for the family. Unfortunately all too often we focus on the troubles that the kids bring to us rather than the fact that these troubles stem from unemployment of the bread winner and a lack of income supports to cushion the family's downward economic skid.

Some workers may attempt to create frienships with others who are unemployed. That usually provides solace and a sense of camaraderie that is emotionally more fulfilling than simply sitting around feeling like a failure. But these very friends may further erode the economic stability of the family. Some of you know situations like this where unemployed people will get together and talk up money making schemes and these money making schemes may wipe out whatever was left. A fishing venture. They're going to make it big on fishing and suddenly everything is wiped out.

Some start drinking, another drain on the economic situation. Another group, the ones I'm very familiar with, define themselves not as unemployed but uneducated, so they go back to school to get education or training. This may also be a temporary way of raising money, if not through veteran's benefits, through grants and loans. About twenty percent of the students on my campus are also unemployed people.

There are few other places for the person to turn for help. Employment offices are traditionally accused of placing very few of the people who actually seek jobs. CETA jobs, public service jobs, may not be stabilizers for people and in the end may cause more financial havoc because the positions lack permanence. As workers and their families seek help through other

agencies their problems may be defined, not as unemployment, but as a symptom of other problems that require therapy.

I will argue that money and job seeking support is what is necessary to help these families. Therapy may be only a panacea for the income and job related problems and deficits that they have. As workers attempt to become re-employed, and some of them never do, we are left wondering what their attachment to the work force will be when they go back to work. Will they forever be suspicious that that job will inevitably end? Will their whole attachment to the work force be eroded because of the siege of unemployment that discarded them, exiled them from the labor market?

These findings have some clear implications for this conference that I would like to raise with you. The first is, should we force people to become equally poor to get aid? Should we force people, secondly, to wipe out years of investments, years of savings, stripping them of their belongings before they are eligible for assistance? Until these two issues are addressed, I think we can talk about freedom from want, but not about freedom from fear.

IMPLICATIONS OF FEDERALIZING WELFARE

Gary Christopherson

As director of the Seattle Income Maintenance Experiment, I've been asked to talk about the implications for recipients of income maintenance if it is ever to become a nationwide program. I'm still a bit excited about this morning's sessions and the prospects of going to the streets or of getting more involved in the political process and getting behind income maintenance. There's been some momentum generated this morning and I hope it can be carried on.

What I'm concerned about is that this term "income maintenance" has been thrown around all day and I'm not sure that anybody really has a clear sense of what we are talking about. Income maintenance to me is a wide variety of different things. There have been many plans as Walt Williams indicated this morning, and a variety of things have been called income maintenance. The current AFDC program is called income maintenance. Yet it is very different from what currently is being envisioned as income maintenance in the large scale social science experiments that are being conducted and in the discussions that are going on behind the scenes in the Department of Health, Education and Welfare and the Internal Revenue Service. The information I have to share with you is information developed from actually administering income maintenance programs in different sites around the country where experiments have been conducted and from what has been going on behind the scenes in several task forces which have been brought together over the last three or four years to draw up national plans for the possibility or for the eventuality of income maintenance coming into effect.

For those of you who don't know the history of the large scale social science experiments in income maintenance, Walt Williams alluded to them this morning. About 1967, the Office of Economic Opportunity funded the first large scale social science experiment. This study of the concept of a guaranteed annual income was conducted in New Jersey and Pennsylvania. As often happens when you fund large scale research and you haven't had much time to do a lot of thinking ahead of time, that experiment left more questions unanswered than answered. A second wave of experiments was funded. One of those was carried out in Iowa and one in North Carolina, in rural communities. There was also an experiment in Gary, Indiana, in a very dense urban community. More recently, there have been two experiments out west which are the most sophisticated of the experiments, the one currently being done in Seattle and an almost identically designed project being carried out in Denver.

What I'd like to do is address some of the issues that have been raised by these experiments and to point out some of the main features of current thinking about income maintenance. Income maintenance is currently thought of as a downward extension of the income tax system to lower income families. All the different programs which have been discussed, including the Urban League's plan, have the basic principle of low income families receiving rebates from the government, middle income families at some point breaking even with the government, and higher income families being taxed by the government.

The most notable implication of tying an income maintenance system or an income support system for low income people into some modified version of the existing tax system is that the existing tax system is based on an annual accounting period. As you are well aware, with your federal income tax there is a monthly deduction taken from your pay in the form of withholding. At the end of the year there is a major reconciliation and that is actually how the books are settled for the year.

Let's extend this down to people who have no income or have very little income. What is going to happen? In the Urban League Tax Credit proposal every family will receive some amount of money in the form of a tax credit each year. How is that going to be administered? When are the people going to receive the money and how are we to figure how much money they are to receive? You might have thought when you first read the Tax Credit Proposal that everyone will somehow get a check for "X" dollars and that will be the tax credit for the year. But we all know that low income people can't wait until the end of the year to get enough money to cover them for the year that has gone by. That won't work. They will have starved. It's also very unlikely that at the first of the year the government is going to say, this person's going to be poor this year--let's give him $4,000. We have to develop a method of calculating a monthly payment to distribute to people whose tax credit will exceed their tax liability so that they will receive a rebate from the government.

This phenomenon gets a little complicated when we start talking about an annual accounting period. Suppose on January 1st there are a large number of people who have no income. How will it be decided how much they should get this month? In the current AFDC system, to oversimplify just for comparison, each quarter there is supposed to be a determination of whether or not a person is eligible. Between the time of this determination and the next determination, a person is supposed to report if they earned

any income. If they did not they are sent a check, which is a certain amount for each month.

If the current income tax system is extended downward and income maintenance payments are tied into the tax system, the concept of vertical equity across the tax system comes into play a little more strongly. An example we like to use in Seattle is a fisherman. A fisherman may be unemployed from January through June. He may make a very good living during three or four months in the summer and then become unemployed until the end of the year. Some fishermen are currently eligible for transfer programs, such as unemployment insurance, and there has been criticism and discussion of whether that's right or not. The difference between an income maintenance system and a system like unemployment insurance is a different accounting period. The unemployment insurance system looks at a person's earnings during a one week period to determine the amount of the check to cover that one week period.

If you tie income maintenance to the annual accounting of the positive tax system, in order to calculate the grant amount for a recipient of income maintenance payments you have to consider the annual accounting period. What has, in fact, the person earned in the last year? This introduces some subtleties that a lot of people who go out pushing for income maintenance don't realize. The most notable example is the case where a family of four has been making an income which keeps them far enough above the poverty line that they have never been able to receive any income maintenance grant or any such benefit. Suppose the worker becomes unemployed for a month and it is time to see whether the family should receive an income maintenance grant. If the income maintenance grant is built into the positive tax system, there will be an annual accounting period. The amount of grant that the family will get will be very small because their average income during the course of the entire year will be taken into account. This is a very serious problem. The problem is called responsiveness and one of the main criticisms of an income maintenance system as it's now being conceived as blending into the positive tax structure, is that it is not a very responsive system. It does not respond very well to changes in family circumstances.

The Urban League proposal tempers this problem a bit. The IRS and HEW, in their task force discussions of how an income maintenance system would operate generally agree that it is desirable to do away with the great variety of different agencies which administer transfer payments. Not only are they tremendously expensive but they also have very negative effects on recipients because of the additive tax rates. If somebody on AFDC earns $1 of income they may lose 67 cents. The food stamp bonus may be cut, and so on, so that the total tax rate some people face is greater than 100%. This obviously has a tremendous disincentive effect on work.

Income maintenance is conceived of as one system which will replace all existing programs so the only tax rate that people will face is the tax rate which is inherent in that system. The idea is that since any transfer system has inherently a disincentive effect on work, income maintenance should minimize the disincentive effect on work by having just this one tax rate so you cannot get in a situation where if you earn a dollar you lose two.

Eliminating all other programs leaves us with this problem of non-responsiveness. Suppose a family is getting along and the wage earner loses his/her job and they just don't have enough to make it. If they have been operating on a near poverty level income they probably have not saved any

money. As Kathy Briar just mentioned, with a credit card economy they may be quite a bit in debt. So we need to supplement income maintenance with some sort of responsive system which can help by responding to peoples' needs as they occur. This is where the Urban League proposal has some strength over some of the systems which are currently envisioned. The Urban League proposal retains, along with the income tax credit, the Unemployment Insurance program which helps get around the problem of non-responsiveness. Since the accounting period in the unemployment insurance system is only a week, a person who becomes unemployed will receive some transfer and be able to make it through the slim periods.

That's a basic point I wanted to make about income maintenance. When people start pushing for it they should be aware of what they are pushing for because there are some problems. Each different system proposed by different groups conquers some of the problems but doesn't conquer them all.

There is another phenomenon which has drawn some criticism and some concern, but which has worked out quite well in the experiments. That is to require a monthly income report from each person who is to receive a grant from the income maintenance system. With an annual accounting period all income earned in a period of a year must be considered. What has been done in the experiments, primarily for research reasons, is to require each person who is to receive a grant to file a monthly income report. This is another major change from existing welfare programs but it is part of the program that is being envisioned as a national income maintenance system. Unfortunately time does not permit us to point out the many other revisions in income maintenance programs which are currently under consideration.

A CLIENT'S PERSPECTIVE

Leola Woffort

I'd like to say this. I feel as though I'm on a rerun, on a treadmill, just like watching one of those late, late movies, that you wouldn't even pay your money to go to see. But this movie has been playing for me for the last 30 years, and I think it's time for the nightmare to stop. What is Mrs. Woffort talking about? I'm talking about people who have one thing in common, not enough money.

Oh, oh, I heard somebody say, well she's talking about my money. One thing I can say about it, anyone who dies can take nothing with them. And if you want to verify that, ask Mr. Hughes what good his billion did him. But I don't remember hearing him saying anything about helping anyone. I remember we were in a march in Las Vegas and his men were out there doing everything they could to stop what was going on. But a time of reckoning came for him. But there's only one thing that is wrong. There are hundreds of other Mr. Hughes out there waiting. Some of them already have been working for years also.

We've heard a lot of experts and they are well and good, but I want to tell you about the client's perspective. What is the client talking about? I'm talking about that school drop out. I'm talking about your wife beater; and also there are some husband beaters out there. I'm talking about the prostitutes who range from nine years old on up. Those are the people I'm talking about. Have we given them the help that they needed in the past years? Think about this.

We're talking about income maintenance, we're talking about helping other people; we're talking about giving them an adequate income or a guaranteed income so they will be able to help themselves, to help their children, their children's children. I hope while we're speaking about this we're talking about putting some dignity in it, love, kindness. We've had too much

bureaucracy and red tape now.

I have a story to tell about a little teenager, I think she's going on 13 years old. And I am talking about this in the year 1976. I'm not talking about this in the year of 1936, or 1946, or 1956, or 1966, I'm talking in the year of 1976. Well here is a young teenager whose mother is on welfare and this girl dreams at a time when most young girls are dreaming about Prince Charming, etc., she's dreaming about wanting to see a roast beef on her table. Television does nothing to help this when they show them slicing that juicy roast beef, but this is what a little teenager dreams about. Is that what we are going to build our nation upon?--a child who cannot help what happens to her, whose parents are ill and unable to do anything, for whom no help is coming. I know one thing, the Motivated Mothers are going to see that she gets one roast beef. But how about the other 364 days in the year, what is to happen?

Another thing I'd like to talk about is a welfare mother, who, for 10 years or more, has never been able to hand her four children what they need for Christmas. Yes, she gives them beautiful presents that someone else has given to her, but when they make a request for a Barbie doll or something they want, she can start saving, but at the end of the year with illness and so forth, her little subsistence is usually gone by the time Christmas comes, and she is out looking for something or someone brings her a present to give. Can you imagine how she feels never being able to buy something for her own child, because she has no type of income that she's able to plan about.

Mrs. Woffort is talking about the Wintonia Civil War. Oh, I know some of you didn't know this is what the retarded children called that. They considered that a civil war against them. Those in Seattle know what I'm talking about, what happened when retarded children were taken out of the onliest home some of them had ever known, and sent back to institutions. I thought it was kind of funny at first and laughed about it, but you know something else I thought about, it's not so funny. I heard people tell how they cried when they saw this on television.

I'm talking about the year 1976, and we don't have too long before the year 2000 is here. Will we ever learn? Are we going to do something about about it? You have an evaluation sheet here. New information. No, I don't want to give you any new information. New ideas. No, I don't want to give you any new ideas. New attitudes. I don't want to give you any new attitudes. I think you've had some beautiful speakers, people who have come forth with some beautiful plans, who have talked about some beautiful things, but are we going to put this into effect? Has it gone down in your notebook, the report goes in to whatever agency it is, and that's the end of it and the last we'll see? I hope not.

Mrs. Woffort is talking about the people whom the high cost of living has affected deeply. I'm talking about, you know, toilet paper costing 75 cents for one roll in the Central area. You send a child to the store with 75 cents, and they will send back to get the rest of the tax for one roll of toilet paper. I'm talking about soap, a small bar of face soap costing from 36 cents to 40 cents a bar. I'm speaking about a 15 ounce can of chili, which is mostly beans, costing 89 cents a can. I'm speaking about 4 ounces of cheese costing 98 cents--that's close to $4.00 a pound. These are people that you expect to live on your $12 food stamp bonus, on the average per person. I'm talking about your pigs feet, your neck bones, running anywhere from 69 cents on up to 98 cents a pound. I'm talking about your wieners that used to come to you for 29, and 30, and 49 cents, which now cost $1.15 a pound. Ham costs you $1.49 a pound. What are the poor to eat?

I know some of you out there are saying well, I manage this way. Well there's one thing different. When it comes to get your clothes and things some of you have your Mastercharge, your BankAmericard charge, your charge accounts. You must remember this person who is on welfare or some that are unable to get welfare, do not have this to fall back on.

Have you priced a dress lately, with no holes, and decent looking? Have you priced a coat lately in your thrift shops? Have you priced things at your garage sale? Yessir, cheap when people want to get rid of them; but if they see that there is a demand, oh no. What are your poor to live on? What are they to do?

I'm talking also about, and I'd like to say this, I'm just talking about your Republican, somebody else about your Democrat. I'm talking about a young mother who made a mistake in life. She is going to be emancipated. She's going out to look for her first apartment so she'll be able to have a place for her and her child. She must move because if she stays with her mother, they're not going to get enough money--the food stamps will be cut down. She's looking for an apartment right in the middle of the Central Area. Things that are half way decent there they ask for $150 for the first month. You have to sign a lease, $150 for the second month's rent and $100 damage deposit. Where do you think that young girl ends up? Where do you think the old girls end up? Where do you think the old men end up? Where do you think your senior citizens end up? With this type of thing I'm to worry about Democrats and Republicans? Oh no, I don't think so.

We have Ma Bell talking about wanting to raise what already I haven't even used. We have oil bills that run up to $100 or more per month during the cold weather and you know in Seattle it's been awful cold. You have gas companies talking about wanting a raise, when there are people who have already had their gas turned off.

I want to say what I saw in Miami in 1972. I saw a place that I had never been to before, although I'd been to Florida before. I thought it was a beautiful place. It looked like the town was opened for us, racial, you know, discrimination wasn't allowed to touch us. But when you looked around, over behind us was a beautiful school and behind the beautiful bushes sat armored tanks. When you looked around you saw the billets of your troops, whatever you want to call them, National Guards whatever, all lined up. That was enough for me. As I set out there about two blocks from where the Democratic Convention was being held, playing the tourist, overhead came helicopters. Up and down, all night long, all day long. I'm not talking about one of your satellite countries, I'm not talking about Hungary, I'm not talking about Czechoslovakia, I'm talking about the United States of America. Then you wonder what your client's perspective is.

But you know the thing about it is that we are going to continue on. Oh yes, we're going to cooperate with you, to a certain extent, but I'm mighty afraid that if things do not move, and move fast, what happened in Soviet Russia, and it wasn't Soviet Russia at the time, will make, will seem like, you know, a little tea party, because people has got to the place, they're tired. Some of the speakers were talking about the blacks. It's not only the blacks. If you're Asian American, or Afro American, or Negro American, or Mexican American or Chicano, or white, whatever, if they don't have enough money to take their place in the mainstream, they are going to look for trouble.

What I'm trying to say is that people are not, I just don't believe they are going to go for this, and I don't blame them. It may be too late for me but you know you have many a child out there. Children get tired of you telling them no, no, no, no. Your senior citizens built and worked hard and when you turn around and shove them off to nursing homes, or a half-way nursing home and they are not even able to get a roll to have with their tea in the morning, there's something wrong, very much wrong, with the system, whatever you want to call it.

I remember the Urban League put this button out and I just died to get one because I collect buttons. It said, "SHAKE UP THE SYSTEM, REGISTER AND VOTE." But I'm afraid it's going to take more than registering and voting. But I advise you to go ahead, because I do believe the poor can make themselves heard at the ballot box.

Welfare rights has your "ADEQUATE INCOME NOW." This button has been around ever since 1967. We're talking about income maintenance. What is to happen? What is going on? The leader is gone. George Wiley's been gone almost two years or longer. Those of us here that knew Elaine McLean know how she fought the battle. All I can tell you is what's going on out there and tell it to you in my way. But I want to say one thing to Elaine. I want to say one thing to George Wiley. We're not finished. This sounds maybe like a little tribute, a thanks. "They say I fought a good fight, I run a good race, I finished the course." But I really want to see that come to pass.

This is one thing about the Motivated Mothers, who happen to be one of your sponsors. We don't have to look to anybody, we quit that a long time ago. The only thing is we don't have any money. I don't know whether that's good or not. We are able to speak to whom we want, go where we want and we're able to raise the money to go. Ms. Woffort will be around with you for a long time because she can't work, so the doctors say.

So what I'm trying to say is, I believe there's a chance. I've heard as I went across this country, the minute I say I'm from the State of Washington, I've heard this ever since 1967, "Oh, you people got a chance out there." We're able to pull it off here and show the rest of the country what can be done with income maintenance, what can be done, because we do not have that generation after generation, after generation of people who have lived on welfare. But, if we are not careful that too will come to pass.

FULL EMPLOYMENT LEGISLATION

Robert E. Burke

Now my job here today, at least as I define it, is to tell you a bit about the previous fight over full employment, the Full Employment proposal of 1944-1946. Not that this is all the same old stuff. It's really quite a different atmosphere. We're talking about wartime, World War II; we're talking about a period in which the main problem seemed to be recovery from depression and thus the big problem of securing employment.

One of those most interested in the problem of solving the depression was Professor Alvin Hansen of Harvard. In 1941, just before American entry into World War II, he published a book called Fiscal Policy and Business Cycles. In a chapter called "The Postdefense Slump", there is the germ of the idea of the full employment bill of 1945-46. Hansen said that there would come a time when the concern would be, not with defense, but with the economy in peacetime. He was already arguing for a national budget, as he called it, and for what he called a monetary and fiscal authority, which would be set up by Congress and would work with the President to devise a scheme to give jobs to all people who wanted to work.

At the time, this sounded like a radical scheme to many. But if you read closely, you'll notice how cautious Alvin Hansen was. He was Lord Keynes' foremost spokesman at Harvard--and thus in the United States--at the time. He was identified with compensatory spending, with the idea of spending to bring about employment to recover from the business slump. There's a sentence in his book that I would like to read to you. After outlining what

he wanted to do and endorsing welfare programs, including health insurance and all sorts of schemes later to be identified with Lyndon Johnson's Great Society, he says:

> "Fortunately, with the vast bulk of the productive processes operating under private enterprise and under the guidance of the price system, the part left for the more or less arbitrary decisions of public authorities is relatively small."

He also argued for borrowing instead of taxing to support the program, and his line was that borrowing was the more conservative policy. He had a wry way with him, that Alvin Hansen. He was a friend and colleague of John Kenneth Galbraith, and it showed through even in 1941. Thus in 1941 the germ of the idea is there although it's not very fully developed. You can see that Hansen, as a Keynesian, is looking to the future, to a time when the problem will not be recovery, but what he began to call "full employment".

The other great influence on the concept in wartime--other than Keynes--was the Beveridge Plan of 1942. This was a national insurance scheme, but with a goal of full employment, in England. President Roosevelt was much interested in the plan. We know how interested, now, because there are some fascinating passages in Henry Wallace's recently published diary in which the President talks to him about the Beveridge plan. Wallace says in the diary that he told the President that the big problem in the United States would not be the sort of thing Beveridge faced--long-time, permanent unemployment in depressed areas--but rather the problem of securing full employment in a country that had potential greatness for productivity.

During the war, in 1943, a bill for an American Beveridge Plan, as it was sometimes called, was introduced in the Senate and in the House. Senator Robert Wagner of New York was its principal author. It got nowhere in wartime. Roosevelt wouldn't endorse it; in wartime the problems of the future seemed far off to him. He was hard pressed at that time by a very conservative Congress whose support he needed in the prosecution of the war. And there was the famous warning of Senator Robert Taft of Ohio: "The New Dealers are determined to make the country over under the cover of war if they can." This is a classic statement of fear about what the New Dealers were up to during wartime.

In the same year--1943--the National Resources Planning Board, which was strongly influenced by Alvin Hansen, issued a substantial report, with an effective full employment plan. It included an insurance program; equal access to food, health care, education, and housing; and also the right to employment and the goal of full employment. Soon after the National Resources Planning Board report was published, Congress in retaliation abolished the board. And not only did Congress wipe it out, it prohibited the President from transferring its activities to any other agencies. This was the conservative Congress in wartime, determined to block the "Welfare State".

Those who were concerned with postwar employment and postwar society continued to plan, but they were faced with considerable difficulties. At the same time they were fascinated by the sort of super full employment of wartime, the way in which spending for military purposes had cured the depression. Here at last the depression was gone. Many economists, as near as one can tell now, spent a lot of time brooding about the possibilities. Stuart Chase, the popular writer, talked about it in many of his wartime articles. Alfred Bingham, editor and publisher of a liberal paper called

Common Sense, said, "The war has proved to us that it is possible to have full employment. It was achieved by making available to the government sufficient spending power to put all our productive resources to use." This was the general view held by many liberal economists in wartime.

Among the politicians, the person chiefly interested was Henry A. Wallace, Vice President. As his diary indicates, he frequently conferred with Roosevelt about some of these problems. He was the most enthusiastic supporter of Roosevelt's Economic Bill of Rights speech. This was an important statement made by Roosevelt on January 11, 1944. James M. Burns, Roosevelt's biographer, calls it the most radical speech Roosevelt ever made. He also says that it fell with a dull thud in the Congress, which I think is a fair characterization. But among those rights, he talked about a second bill of rights, what came to be called the Economic Bill of Rights. Foremost, the first one, the right to a useful and remunerative job in the industries, shops, mines, or on the farms of the nation. The second is the right to earn enough to provide adequate food, clothing, and recreation. Other rights are listed: rights to good education, for instance, rights to old age protection, and so on.

Henry Wallace then took up the cause. He went around the country and made a series of speeches advocating the full employment slogan and talking about a job authority to be set up to advise the President and Congress about how to achieve and maintain full employment. Thus, in the early months of 1944--in fact, the whole spring of '44--he was actively campaigning with this slogan. In July, 1944, for his pains in this and other areas, including his stand on civil rights, he was deprived of renomination by the Democratic National Convention. He was dropped from the ticket and replaced by Harry Truman. On the floor of the convention, Senator Claude Pepper of Florida, at that time one of the great liberals in Congress, said, "Henry Wallace bears upon his body the scars of many daggers. Those daggers were meant for Franklin Roosevelt." This was the liberal view at the time when Wallace was dropped.

The Democratic Platform, as you may gather from what I've said here, was not very precise on full employment; but it did talk about it in a general way. This was the platform: "To speed victory, establish and maintain peace, guarantee full employment, and provide prosperity." But no particulars were given.

The Republican platform of 1944, of course, did not pledge full employment but it did promise to "promote the fullest stable employment through private enterprise". Thomas Dewey made several speeches in which he came very close to talking about full employment. In fact, he used the slogan in a Seattle speech. Of all places, Seattle! "We must have full employment. We shall establish conditions which make it not only possible, but good business, for management to join hands with a great free labor movement in this country, in bringing about full employment at high wages." But there were no particulars about that plan.

So, in the 1944 campaign, it was not an issue between the parties, and Roosevelt's stand might not have been noticed had he not used the figure 60 million jobs in a campaign speech in Chicago. In that same speech he quoted from his Economic Bill of Rights. He talked about his goal of 60 million jobs. Full employment-60 million jobs-was then picked up by campaigners--and particularly, of course, by Henry Wallace, who, although he had been

dropped from the ticket, campaigned for it repeatedly in speech after speech in the fall of 1944.

For his pains, and I think perhaps because, most of all, Roosevelt had a guilty conscience about Henry Wallace, he appointed him secretary of commerce. This is the position Wallace wanted; in that role, he says in his diary (and he said publicly at the time), he saw his main task would be to secure full employment and improve the economy in general. The Reconstruction Finance Corporation, a New Deal agency still in existence and very much used in wartime, was part of the responsibility of the secretary of commerce. The previous secretary had been Jesse Jones, a conservative Texas banker and mortal enemy of Wallace. In fact, there is some good evidence that one of the reasons Wallace wanted the job was to get Jones out of it. However that may be, after a brutal fight in the Congress in the early weeks of 1945, Wallace was confirmed as secretary of commerce but stripped of the loan-making powers of the Reconstruction Finance Corporation. He was confirmed on March 1, 1945.

By this time Wallace was fully identified with the fight for the full employment act, the bill to which I want to draw your attention. He published a little book called 60 Million Jobs as part of the campaign for this. We don't know what might have happened had Roosevelt not died six weeks after Wallace's confirmation and had the Truman administration not been faced with another set of problems. The fight for the full employment bill was seen as necessary by Wallace and his associates to overcome the predicted postwar slump. There were many forecasts about high rates of unemployment coming at the end of the war. The full employment struggle of 1945 was in part designed to eliminate the postwar slump.

Identical full employment bills were introduced in the Senate and in the House. The passage of the bill is the subject of a classic political science treatise called Congress Makes a Law, by Stephen Bailey, and published in 1950. Historians, I think, agree that this is the best book we have on the passage of a complicated law.

The drafting of the bill was the work of a committee in which Alvin Hansen was one of the leading influences. There were a number of people involved in this; one, Leon Keyserling, has played an important role in the drafting of the Humphrey-Hawkins bill. The emphasis in the bill was on public investment to take up the slack if the economic system failed to bring about full employment. That, in essence, was how the bill was worked up. It did not emphasize the need to increase consumption to put money into the hands of people who would spend it quickly, who could use it, who needed it for social purposes--a view which I think has been more influential in Humphrey-Hawkins. The emphasis, then, was upon public spending as an economic multiplier to bring about and improve the economy.

One could say also that the definition of full employment gave the committee trouble. In the bill as finally worked out, the definition was vague. It was a goal. Lord Beveridge had defined full employment in a classic sense: "Always more vacant jobs than unemployed men. The jobs, at fair wages, of such a kind and so located, that the unemployed men could be reasonably expected to take them." This, by implication, could involve the location of industry in particular places, could do something about mobility of labor, the use of investment funds, and so on. According to Bailey, this did not come into the thinking of the people working on this draft; at least, nothing comes

through in the draft itself.

The drafting went on and the bills were introduced. The House Bill, introduced by Wright Patman of Texas, was endorsed by Truman. In September, 1945, the war with Japan over, Truman made a speech which we call his Twenty-One Points message. (He took seven more than Woodrow Wilson, somebody said, to do it.) He included full employment as one of the twenty-one points. "The government must assist industry in reconversion," he said, "and that is why I have asked for unemployment compensation legislation. That is why I now ask for full employment legislation." He then went on to use the familiar argument for it. That is, if all other methods should fail to prevent prolonged unemployment, then measures in this bill would help to avert fear and establish full employment.

In the Senate the bill went to a friendly committee. It was headed by Senator Wagner, no less, and he was one of the co-sponsors of the bill. The main author was James Murray of Montana, a liberal, laborite Democrat. In general, with Wagner and the majority favorable, there was no great problem in the committee. But some of the committee votes were fairly close because a number of people were concerned about the implications for private enterprise.

When the bill reached the floor, Senator O'Mahoney of Wyoming, famous for chairing the Temporary National Economic Commission, argued in its favor in an eloquent speech, with charts, graphs, and all sorts of things--very effective. One of the most notable things about the speech was his opposition to deficit spending. "There's nothing in this bill which is in any way antagonistic to big business or wealth," he said. O'Mahoney's speech and that of Wayne Morse, Republican of Oregon and co-sponsor of the bill, helped to assure people that this scheme, no matter what its origins might be, was basically one that conservatives and moderates could live with. Wayne Morse was in his moderate phase at that time.

An amendment was adopted by voice vote. We call it the Hatch amendment after Senator Hatch of New Mexico, another moderate Democrat. The Hatch amendment had the effect of dropping one of the slogans, one of the basic concepts, from the bill: the guarantee of the right to work. What was left, then, was the idea of a national budget and the obligation of the government to maintain high employment. But you will realize that there had to have been some modifications along the way when I tell you that the bill passed the Senate by a vote of 71-10, that two who voted in favor were Robert Taft and Arthur Vandenberg of Michigan, and that the ten opposed were absolute reactionaries of both parties, north and south. This was on September 28, 1945. So far things were going pretty well for the bill, slightly modified.

It was a different story in the House, with its hidebound procedures, power of chairmen, seniority rules, and the whole matter of malapportionment. Speaker Sam Rayburn and the House leadership in general were not terribly concerned with the passage of the bill. It was referred, not to a friendly committee, but to a most conservative one: the Committee on Executive Expenditures. An extremely conservative Democrat from Alabama named Carter Manasco headed the committee, and he was so bitterly opposed to the bill that some despaired that there would ever be any action in the committee at all.

In addition, one should say that the Truman administration itself faced many difficulties at this time: strike waves, problems of inflation and reconversion, and general political confusion in the country. Those who

would like to establish Mr. Truman's reputation as a great President have a pretty hard time with this period, when he seems marvelously, wonderfully inept.

So the Truman administration did very little at first about this bill. Bailey tells us that Truman called in Manasco and William Whittington of Mississippi (another conservative, not quite as reactionary as Manasco) and urged them to report the bill and not let it die in the committee. And he compromised with them. I wish we had some tapes of this conversation, I would be more confident of it, but in those days these things were not really available. But Truman apparently asked them to bring out a bill, any bill, an employment bill. It didn't have to be the Senate bill, and it didn't have to have the words "full employment" in it.

The main influence on Truman at this time was John Snyder, perhaps the most reactionary influence in the whole Truman administration. He was a banker, an old friend, who at this time headed the Office of War Mobilization and Reconversion. He was to become Secretary of the Treasury. When Snyder testified on the bill, he indicated a coolness, even a hostility, towards it--as well as a monumental lack of information about it. This didn't help much. In November, in the middle of a wave of strikes and other difficulties, Truman went on the radio to urge the committee to report out the bill. The committee voted overwhelmingly, 17-3, to kill the bill, as it was, and to prepare a new one.

The revised bill, which we probably should call the Whittington Bill, since he was the principal influence on it, was drawn up by a five-man drafting committee: two extreme conservatives, two liberals, and Whittington. It changed the character of the basic Full Employment Act altogether. For one thing, it got rid of the slogan "full employment". The policy of aiming for a high level of employment, production, and purchasing power was included, but at the same time the bill extolled the American system of free competitive enterprise and made it a matter of policy that the government was not to compete with private enterprise.

The idea of a national budget was also wiped out. Instead, an Economic Report was to be presented by the President to the Congress. This report was to describe economic conditions and the causes underlying them, and to make recommendations for appropriate legislation. A three-man Council of Economic Advisors was to be established to assist the President in his study of the economy. The bill also established a Joint Committee on the Economic Report, a congressional committee. These, then, were the three main institutions: The Economic Report, the Council of Economic Advisors, and the Joint Committee on the Economic Report.

You know already, I think, that the Whittington Bill became the Employment Act of 1946, the great basic employment act which is the bill to be amended by Humphrey-Hawkins--if, indeed, it is passed. So you have, then, a Senate bill, substantially intact, a House bill, with a great amount of modification; and a conference committee of the two houses assigned to resolve the impasse.

Now we come to the crucial point. We are talking about December, 1945, and January and February, 1946. By now still more people were on strike, and the problems of reconversion, inflation, and shortages were even greater than before. The Rules Committee of the House saw to it that the rule provided for this bill as it came onto the floor of the House was one which made it almost impossible to amend the bill. There was almost no opportunity for discussion,

since the debate was to be managed by the ranking Republican and Democrat, both of whom were hostile to any changes in the bill. The bill went through the House in a vote which was rather confusing, and the conference committee went to work.

Bailey calls this the "Battle of the Thesauruses", as people were trying to find words to agree upon. Although the progress of the bill is a complicated story, and I have only touched on it, the crucial thing seems to have been the inspired wording provided by Senator Charles Tobey of Vermont, a moderate Republican. He provided the key definition: the goal should be "maximum employment", not "full employment" (which the House conferees wouldn't accept), not "high employment" (which the Senate conferees wouldn't accept). This "Battle of the Thesauruses" is the most intriguing of all of the parts of this bill. Tobey's wording was greeted with great acclaim by almost everyone concerned. Senator Alben Barkley of Kentucky presided over the committee since Wagner was ill. Barkley kept the discussion going until the phase "maximum employment" emerged.

Now I think that all of us are capable of wishful thinking. One of those who certainly had more than his share of this ability was Henry A. Wallace. He was thrilled with the term "maximum employment" - how thrilled I never realized until his diary was published recently. He urged Truman to sign the bill, saying that "this bill should be called the 'maximum employment' bill." Maximum employment, he told Truman, is really much more radical than full employment. But I must say that Mr. Truman didn't call it the maximum employment bill. No one has called it that, so far as I know, to this day.

Truman signed the bill. There was, he said, no loss of the essential features of the bill. In his Memoirs there is a fascinating passage that shows Truman's ability to rationalize. You will find there a discussion which makes the point that by this time, February, 1946, the country already had full employment. It existed, and the problem now was to maintain it, said Mr. Truman, writing many years later.

At the time, a good many people who had fought for a broader bill than this were left disgruntled. They were unhappy with Wallace for having taken the position he did. He didn't have much longer to go in the cabinet, either. In September, 1946, he was fired in a dispute over foreign policy. Two years later, in his Third Party campaign against Truman, Wallace failed to do much with the concept of full employment. He was then concerned almost totally with foreign policy, with opposition to what he considered the cold war policies of Truman.

I think it's fair to say that many saw in the machinery of the Employment Act some significant accomplishment, that there was something to the bill. But the people who fought for it at the time were terribly disappointed. In 1947, after Truman had lost the congressional elections to the Republicans, and he looked worse and worse to liberals, Professor Colston Warne of Amherst, an economist and crusader for the bill, convened a meeting with the People's Lobby, a liberal organization. He was most bitter in what he had to say about Truman, and particularly about this bill. Let me conclude by reading what Warne said about the bill in 1947:

> "Not a single item of significant social legislation has been passed since 1938. Out of the 1946 outcry for a Full Employment bill came a toothless measure which gave jobs to three economists. These able men are now lodged on Pennsylvania Avenue where they are collecting statistics."

THE POLITICS OF FULL EMPLOYMENT

Sumner Rosen

I couldn't help sharing with you some of the reflections that were stimulated by Professor Burke's excellent and meaningful survey of the war and the immediate post-war periods. In Seattle particularly, one is struck by the role played by the liberal politicians of the western mountain states. And that lends a special meaning to a conference like this since that's a political and creative role that I think this area of the country needs to pick up again, and teach us in the east a few more things about how you make progress, or try to.

The other thing that struck me was really a comment about Dr. Piven's talk. I'm sorry that Dr. Piven is not here to hear them and respond to them, but she and I are old friends, and old antagonists and so nothing I say would surprise her. But it is striking to me that the turmoil that Professor Burke was portraying, that really focused then not on the poor, but on workers, on unionized workers, seeking to get out from under the burdens of inflation and to protect themselves against the threat of unemployment that they feared, would have led, not to progress, but to regression, in the House of Representatives. And that in turn suggests that if these decisions are made at the national level, then the kind of disorder in the streets that we were discussing and debating yesterday, may be disfunctional and not functional. That in turn leads me to wonder what the meaning of the revenue sharing thrust of the Nixon/Ford Administration is, because, if in fact the analysis is true that when you agitate in the presence of local officials you get progress, then I wonder why the conservatives are so eager to dismantle the federal decision making and restore the decision making to the states and the localities, where presumably those kinds of pressures would be more effective. You can conclude from that that I have some skepticism about the recommendations that Dr. Piven

was providing us yesterday though I was as entranced as you were by her forcefulness and insight into the realities of welfare exploitation and manipulations in our time.

Some of the things that I want to say this morning you will recognize from what Dr. Burke talked about and some of them reflect the documents that are in your kits.* Also important is the work of Leon Keyserling, who played a role then and has played a critical role in the drafting of the Humphrey-Hawkins bill. Bertram Gross, now teaching at Hunter College, was another of the major staff draftsmen of those early Senate memos that finally became the Murray Bill and then suffered the ignominious fate that Colston Warne so eloquently described in 1947, when it encountered the conservative forces in the House.

Against that background I want to deal with four questions. One is what full employment means; there is more than one meaning to the topic that's germane for our time. The second question I'd like to address is what some of the positive consequences of an effective full employment strategy and approach might be, for this society. The third will be to address the issue of its practicality, because there is a considerable attack on the present move towards re-invigorating, restating, revalidating the concept of full employment on the ground, (1) that it can't be done, (2) that it would have horrendous political, economic and social consequences. Fourthly, I would like to talk about - if the benefits are as great as I think they are - why is there opposition and where the opposition is to be found. And finally I will draw a few political conclusions from that analysis.

Full employment, as you now know, was a reality in the United States in the very special circumstances of World War II, with enormous mobilization of people in the Armed Forces and an all out economic war effort. The fact is that we did have it; unemployment in 1944 was around 1½ percent, a level never reached before or since. And the fact is, that the society survived, the Republic indeed endured, and in fact we, enormous numbers of people, have benefited permanently from the economic effects of that period.

In terms of comparison, I need to remind the skeptics that while the unemployment rates in the United States have varied between 5 and 9 percent in recent years, those in countries very much like ours, in terms of their economic level of development, in terms of their commitment to a capitalist system, have experienced unemployment rates of 1, 1½, 2, 2½, sometimes 3 percent under over-all economic circumstances not terribly different from those facing us. It is very hard to avoid the conclusion that the problems are not technical-though there are technical problems-but that they lie elsewhere. When unemployment reaches 2 percent in Britain, for instance, any government has a major political problem.

There are at least three embodiments that one could imagine for a full employment situation in this country. I'll call them the minimalist version and the liberal version, and then the serious version - the one I take seriously, and the one we ought to care about. Before defining them I want to

*Bertram M. Gross, "Job Rights Under Capitalism",
Social Policy, Vol. 5, No. 5, Jan./Feb., 1975, pp. 20-33;
Charles C. Killingsworth, "Reconsidering Employment Policy",
Social Policy, Ibid, pp. 13-19;
Robert Lekachman, "Towards Equality Through Employment", Social Policy,
Vol. 5, No. 3, September/October, 1974, pp. 6-11

recall two fairly recent events. In 1971, the Council of Economic Advisors, the body that was established in the Employment Act of 1946, recommended to the Joint Economic Committee that the United States no longer try to set any numerical unemployment target for the economic measures which are taken under the employment act. The argument had all the superficial appearances of symmetry. Herbert Stein, Mr. Nixon's Chairman, said to the Joint Economic Committee, look, if we set the target too low then we're going to have serious inflationary problems and if we set the target too high, then we'll stop expansion too soon and some people who would get jobs otherwise wouldn't get them. So let's think about doing what we need to do, but let's not worry about a numbers game. (A paraphrase not a direct quote.)

That was followed in 1976 by a proposal by the Commissioner of Labor Statistics, Jules Shishkin, that we should abandon the focus on any single measure of unemployment. In fact, he has proposed that we should have seven different measures, "U1 through U7". U1 focuses on adult males and U7 includes everybody who could conceivably want, or need, or deserve a job. Depending on what your economic goals are, says Shishkin, each of these different measures serves a purpose.

The point of these episodes is to remind us again that when the experts speak in technical terms they are often carrying a political message though it doesn't always look that way. Those two steps, both taken under the Nixon-Ford Administration, mark a significant and, I think, decisive departure from even the implicit goals of maximum employment by this Republican administration. I make no bones about it. I think that's really what those things mean and they illustrate once again the degree to which hired hands are willing to play the game of the people who hire and pay them, even though they may have impeccable professional reputations.

Let me now describe the minimalist version of full employment and I don't think we should get much disagreement from Gerald Ford, on one hand, and let's say Jimmy Carter on the other, that if we focus on adult males and try to keep that unemployment rate down; if we lower the minimum wage, in order to make it easier for low wage employers to hire young people; if we improve the mobility of workers and improve the operations of the labor market-measures, instruments that we have, including maybe some geographical encouragement and inducement; if we use the manpower programs to serve as they have in the past as artificial absorbers of surplus workers, in something that's called "training"; and if we actively involve and reward the private sector in order to train and hire workers; and if we carry out a somewhat more expansionist fiscal and monetary policy than we may have had in the recent years, that that is an obtainable and viable version of full employment.

The second, the more liberal version of full employment, is much more in the current eye, in part because of the interest stimulated by the development of and debate about the Humphrey-Hawkins bill. Under this definition government would seek by macro-economic measures to achieve an actual overall balance between the supply of jobs available and the number of people, liberally defined, who are seeking jobs,with perhaps even a slight surplus, recalling the original Beveridge conception. The liberal version would also include vigorous antidiscrimination activities in order to reduce not only overt but institutional barriers to the employment of women, the employment of minorities, and the employment of the so-called hard to employ. It would have in it a commitment of public jobs as a last resort, but not grudgingly-reasonably

available whenever unemployment levels rose enough to tip the balance and trigger those activities. It would not involve any significant redistribution of income or wealth because those are seen as irrelevant to the target of full employment. It would seek to restore and sustain sufficient economic growth, in terms reminiscent of the '50's and the '60's, to absorb the rising number of people in the labor market and it would preserve the present balance between the private sector and the public sector, the public sector seen primarily as the absorber of surplus. That's version number two, and I think we will hear considerable about it in the coming months and years.

Let me now turn to what I call the serious version. Here you will hear some of the things that were in the Senate version of '44 and '45. First, the notion of an enforceable guarantee. That was, by the way, in the early draft of the Humphrey-Hawkins bill and it was removed in the negotiations that were carried out in order to enlarge the constituency of support for the bill. That guarantee is critical, particularly if it can be enforced. I remember hearing Congressman Hawkins discuss putting the right to sue the government into the bill in order to validate the mandate of a guarantee. If you were a bonafide job seeker and didn't get one, and there was no public service job available for you, you would have the right to sue to have one created. That seems to me to be a concrete method for validating a general social commitment. People should have the right to take action and to have that action enforced as a test of the seriousness of the commitment.

A second component of a significant full employment commitment would be the deliberate and steady expansion of the social or the public sectors as a matter of choice. The case for recognizing and rectifying the imbalance on the social side was made in 1958 by John Kenneth Galbraith's famous book, The Affluent Society, which pointed out the contrast between our social amenities, our social and economic environment on the one hand, and the artificial and contrived luxury of middle class private life. That means expanding the social sector at the expense of the private sector, of shrinking in relative terms the total amount of employment and resources that are under private control.

Said that way, you can begin to see that it raises serious political questions. Public jobs would be available not only to absorb the surplus labor force, but to deal with imbalances by area, particularly the problems of the central cities, the problems of obsolete economic areas and sub-areas, where people are left to wither on the vine, without either access to jobs or without having the jobs come to them. The serious version of full employment would involve a significant amount of economic planning, not just in over-all terms, but by sector. And that in turn can only be carried out successfully if it is linked to control of capital investment, the decisions about where capital is placed, for what purposes and under whose auspices; control of the use of the land for economic purposes; and control of the location of economic activities in order to meet social needs.

If we were to expand the social sector in this way we would need to finance that expansion, which requires another bite into existing conventional wisdom and existing economic and political arrangements. That expansion must be financed out of taxation and the taxation must be calculated in a way to reduce spending. That is, it has to be done by a progressive tax on individual incomes and on wealth, and by limiting the discretion of private investors to make investments which don't have social validation and don't meet social tests

of usefulness and of value. This in turn leads to state action, government action, to reduce the power of the concentrated private sector, not just to make investments, but to raise the funds to do that. And I have to remind you, and some of the economists and people who studied economics in this audience will know that, that most private investment historically has been financed out of the proceeds of sales, of corporate revenues, not out of sales of bonds and stocks that savers purchase. When the auto companies and the steel companies, the aluminum companies, the ship building companies and all the rest want to install new plant and equipment, they tax us through the price system in order to raise the funds to do that and they use those funds from their retained earnings and their cash flow to make those investments. How can they do it? Because they can control the price level at which they sell in concentrated industries. So the implication of version number three is that it involves, for the first time in several generations, a frontal attack and confrontation of the problem of concentrated economic power.

To recapitulate, there are three elements for a serious commitment to full employment. One is the guarantee, the second is an expansion of the social sector, and the third is a significant reduction in inequalities of wealth and income, a direct attack and confrontation of the problem of concentration of economic control, of economic power. Those three things go together. They are the three major items of unfinished economic policy making that were handed down to us from the generation of the New Deal in the '30's and the war. The problem of full employment was not the only issue that faced the policy makers in the war and the early postwar years. The depression had dramatized the failure to deal with the unemployment issue; it had also revealed the deeply entrenched patterns of inequality in the society, of wealth and income. And it had shown us that the roots of both problems lay in the concentration of economic power. In another famous message Franklin Roosevelt in 1938 wrote a message to Congress setting up the National Economic Committee in which he said, "Among us today a concentration of private power without equal in history is growing", and he called on Congress to address that question. Just as they did not really address the question of full employment in 1946, neither did they address the question of the concentration of economic power and the pattern of inequality of wealth and income; all three come together in any analysis that seeks to do serious justice to the problem of full employment.

The Humphrey-Hawkins bill is mostly number two, what I called the liberal version, with a little of number three in it. I think it is a job of people who care deeply about this question to do their best to move that bill and any other bill in the direction of a more comprehensive and significant attack on the root causes. On the other hand, I do not join those who dismiss the bill as trivial and meaningless. If it were, it would not be attacked the way it's being attacked, as it was in the Wall Street Journal by Herbert Stein who was Mr. Nixon's Chairman of the Council of Economic Advisors. This article is a shabby, dishonest and totally inaccurate attack on Humphrey-Hawkins. But that Stein felt compelled to make that attack is encouraging evidence that the bill at least moves us a certain distance in the right direction.

When one puts together the elements of number three they may sound utopian and even visionary, but I remind you that every single one of the components of economic policy that I have mentioned are to be found now in the economic arsenal of one or more major western industrial nations and not communist or socialist nations alone. The analysis I have made is based

on the belief that the root cause of inadequate demand is in inequities of wealth, income and power and that the root cause of inadequate or inequitable access to jobs is private corporate control of the number of jobs and on their nature, their location, and the criteria for getting them.

This discussion is related to yesterday's topic of income maintenance. One cannot deal with the issue of income maintenance without dealing with the issue of full employment; they belong together. As long as we categorize people in the labor market in different ways, with different degrees of eligibility, different degrees of need, we are going to have different kinds of income maintenance programs, we're going to have categorical programs, we are going to divide people from one another and we are going to blunt any effective political organization to deal with the issue of income over-all. The more fully we can guarantee the right of all people to decent jobs, commensurate with their ability under similar conditions, political and economic and social, to that degree we move toward the conditions that would make it possible to have unified and single systems of income maintenance.

What are some of the consequences of such an approach? Obviously, a serious commitment to full employment is going to be of direct benefit to people who have in one degree or another suffered from inadequate levels of employment. It would be the single most important measure we could take to begin to redress inequities between men and women, between white and non-white, between skilled and non-skilled, between the better educated and the less educated. Not that those differences can ever be or perhaps need ever be eradicated, except in a utopian single income system, but they can be substantially reduced.

The second benefit obviously would be to have the benefit of full use and access to productive resources in the society for goals which will be socially determined. The kind of interventions that I talked about in terms of vigorous antidiscrimination under version number two, the liberal version, would have some effects on minority unemployment rates and would begin to reduce that two to one ratio which has been very stable for many, many years. In prosperity and depression alike there is really no difference in the black-white unemployment rate in this society. But only the third version, the serious version, would attack the problem of unequal incomes directly, would directly address the source of inequality in the control of wealth, as well as the kind of tax reform that is required. It would publicize and politicize the priority making process in this society, taking it away from private hands. At both the national level and the local level it would free us from the illusion that we need economic growth of the old fashioned kind in order to achieve and sustain full employment. It would move us towards a more ecologically balanced, a more resource conserving, organization of economic life and it would begin to redress the deficit of social and human needs that are not served by the present priority making process, and paradoxically it would preserve and I think even increase substantially the competitive quality which is the alleged hallmark of American private enterprise.

Can these things be done? Obviously the more drastically we move away from present arrangements, the more time it takes and I have no illusions about that. But there is no fundamental reason in my judgment why this comprehensive approach could not be taken. Some specific changes in economic policy arrangements are required. We need, as Humphrey-Hawkins calls for, the folding in of the monetary policy side, the Federal Reserve, into the political process

instead of having the two go their separate ways as they now do. Every time George Meany testifies about the problem of unemployment he ends up blaming Arthur Burns as the number one villain and there's alot of truth in that, but what gives Burns his power is the peculiarity that of all major nations in the world, the United States is the only one where the monetary power is independent of the government, and doesn't respond to economic priorities as they are set in the political process. So the integration of fiscal and monetary control is a necessary, but not a sufficient condition, for moving in the directions that I have indicated.

We need better and more precise definitions of job content and worker ability to really improve the match of job and workers, and that means not just helping people qualify for existing jobs but doing what the Griggs decision of 1971*began to do, put the burden of proof on employers to demonstrate that the standards they use for making decisions can in fact be validated by the requirements of the job itself. We need instruments to channel investment where the labor supply is, as one way to shrink the secondary labor market, where most of the working poor are found, in low productivity, badly managed, low wage sectors of the economy. Much could be done to improve the productivity and therefore the incomes and the self respect of people in those occupations.

What's interesting about these measures and those which I described earlier is that not only do they improve equity but they are direct attacks on the problem of inflation, because that problem is not a problem of bottlenecks or of fiscal recklessness, it's a problem of distortion, or imbalances, and one looks for ways to correct and reduce those imbalances. Over the long run that's by far the most preferred method to go in terms of dealing with inflation.

If the benefits of a serious commitment to full employment are of this magnitude, what's the nature of the opposition? First, and this follows more or less automatically from the analysis that I've offered, it comes from those who control decision making now, who profit from it, who are wealthy from it, who resist any effort to share that control with the people, with us. It comes from those who profit from the rigged monopoly or shared monopoly markets and who flourish in them, those who wish to preserve a labor market in which there are always more workers than jobs, because that innibits the energy of unions, discourages organization of workers, moderates their wage demands, and makes workers more docile, more accessible to discipline. A balance between labor demand and labor supply means that people can, as Richard Titmuss once said, tell the employer to go to hell without suffering the consequence, but employers prefer situations where they can, in fact, hold the upper hand.

Finally, the commitment is anathema to those who oppose an enlarged public sector and an enlarged public role in making decisions about big questions and not just little questions. That being the case, one of the political consequences or inferences that I would draw from this state of affairs is that the stake in success is very widely shared. It includes those who work, at least many of them, and the recession of the past two years has taught many, many workers that the illusion that they have permanent job status is just that, an illusion. And I don't mean just construction workers, I mean professors in universities as well, including some of my friends. That came very close to home for lots of people . They began to see that they are like other people, subject, vulnerable to victimization by forces over which they have no

*Griggs vs. Duke Power Company, 40 U.S. (433)

control. That's a powerful intellectual, ideological and political lesson. That perception links their interest in these outcomes with those of minorities, those who want, and need, and are entitled to a different order of social and economic justice and those who are concerned and troubled by the way in which priorities are set in the society and the outcomes of that process.

What I call the minimalist version of full employment is simply a re-enactment of a past, in a way that pits one group against another, workers against the working poor, and both against the minorities, and the unemployed against the welfare population; and all of them against the small businessman and the professional. Rather than that approach which is fragmenting and defeating, we need to look for strategies of unification, coalition. The power of the opposition to a serious full employment effort seems to me to make separatist strategies in which each sector tries to get its piece, self defeating. Therefore, I conclude that coalitions are the only serious possibility around the issue of a universal right to a job, a universal system of income support and, as I said, I don't think one is obtainable without the other. If that be visionary make the most of it. I don't think it is.

THE PERSISTENCE OF INEQUALITY

Suzanne Barnett

Bonnie Jean Leary

Norward Brooks

Abraham Keller

Suzanne Barnett

I regard this kind of session as very exciting. I felt it yesterday and I feel it today. I enjoy the kind of questions and interactions that are coming out of the group. I regard myself as simply part of this process. I should start out by saying that, as you know, I am a Chinese historian. I am an ardent student of China. My research area is 19th Century. I am up to date as much as possible with what happens in China, but unfortunately I have not visited the Peoples Republic of China myself.

I should address one thing at the onset. That is, the basic question: What is a Chinese historian doing here? I can make two points. One is that I am a student of history and I believe that what we're talking about at this conference is change. There is no discipline, in my judgment, that better addresses the question of what is change than history. I also believe that history, at least presumably, helps to create a more tolerant and more humane world. Listening to Professor Burke this morning, I was reminded once again that what history does is to provide us with some view of the complexities of past times and the mistakes that can be made. Hence we should be, theoretically, more humane and more tolerant because of the study of the past struggle for perfection and all the imperfections in that process.

With regard to equality, I think that China is especially appropriate because if we wish to study equality we really ought to consider models of equality. I do not regard this country as such a model but I think that the Chinese approach, through egalitarianism, can today offer us a model. I am not necessarily advocating that we adopt the model full scale. I'm simply

saying that in an increasingly interdependent world we have to learn from all the resources at hand to be able to deal with this planet and the preservation of its resources.

In China today there is a society in which status is not the issue it is in our society. Indeed the heads of universities in China are frequently involved in cleaning the latrines and, indeed, scholars and bureaucrats go down to the country and work with their hands. If there is any country in the world where the greatest number of the population is fully aware of the whole food production process, I would say that it's China today. It is also a society in which there really is no inflation. Prices have not changed since, I think, 1952. There is full employment. There is full care for every member of the society. It is what you might call a fully accommodated populace. There are not people who are marginal to the society, who are outside the main stream and hence pockets of the kind of discontent that existed in China one hundred years ago.

I would like to make a couple of further points about China and then move on to one or two lessons that I draw from that for our experience and then to a few concerns. China has come to my mind a lot as I've heard speakers comment throughout the conference. The first thing I want to say is that we are dealing in the Chinese case with a revolution, a revolution which could be summed up by the fact that previous to the revolution that was brought to fruition in 1949 and the early 1950's under Chairman Mao, China had a system of very much inequality. The differences that move from inequality to equality, that is the revolution. I would say that the revolution came at the point where the Chinese populace "ceased to eat bitterness and began to speak bitterness", as the Chinese expression in translation goes. I was reminded of this yesterday as I was listening to Professor Piven.

Secondly, it seems to me that in the Chinese experience we have evidence of strong leadership under Chairman Mao. He is a charismatic leader who far better than Chiang Kai-shek, I think, grabbed onto the needs of the populace, addressed those needs, and of course became a great leader of those people.

Thirdly, I think in China, in the revolution, there are values that are strongly motivating and strongly instrumental in the way the revolution goes-the notion of the collective idea. For example, freedom in our society is thought of as an individual right, whereas in China, freedom is always thought of in a collective context. The values of self-reliance and of perseverance that Mao Tse-tung has been so important in articulating have helped the revolution. One last thing, as is made evident by events this very month in China, there is this consistent need demonstrated in the Chinese case to keep the revolution alive and to reiterate continually values and ideals.

What lessons are there? One, the need for popular involvement in change. Two, and I have some ambivalence about this, but I think I agree in every respect with Professor Rosen, the need for central planning. Three, the need for strong leadership that has a wide base of appeal. This worries me a lot because I look around at our political leaders and potential presidents and I don't see the kind of leadership we may need. I think we need somebody with a dream and we've lost Martin Luther King. I just look around and I wish we had more people with more vision.

The last thing, and this relates to the need for people with vision, is the need for governing ideals. Mary Aldrich said yesterday that the

Declaration of Independence and the Constitution are literature and she uses them in her literature teaching. I think for many Americans they are not only literature, but they are fiction. So the real task ought to be to bring life to those so they are not fiction, but they are non-fiction.

One of my concerns is that if we ever have a despotism, it will be because we have an overly efficient bureaucracy. On the other hand, as a second concern I think we need a bureaucracy. That puts us in a dilemma. So thirdly, I have the concern that if we are going to have a bureaucracy and use it efficiently, then we've got to humanize it. I don't know but what we could learn from the Chinese in that respect too. In China bureaucrats are just not allowed to get too distant from the kinds of problems they work with. That probably means for us a sort of "going down to the country" effect, something on the model of the Chinese.

The last thing I want to say is that I am really very concerned about instituting an attitude of change. I don't know why people are so afraid of change. Maybe those business management types who aren't here are the ones who are most afraid of change. I don't quite know what we can do about being instrumental in getting change but we can act in small ways. I'm pleased to say that my university, which like all other universities is slow in changing in many respects, has at least allowed me to do something that I regard as innovative. My husband and I work together in one faculty position and share one salary. Given the number of books we buy it's sometimes hard to live on one salary. On the other hand, we're both productively employed and, theoretically at least, have a little bit more time to do our scholarly work in part of that shared job.

One last thing. You'll notice the focus on part time careers does exist in Seattle. I hope that it gets some attention and it will speak to the needs that were brought up by members of the audience about making part time jobs available, not only for women, but for everybody.

Bonnie Jean Leary

Listening yesterday to several speakers' discussions of the blessings and drawbacks of income maintenance and today's thoughts on full employment raised for me the question of how such programs could be justified, philosophically and legally, since income maintenance, at least, would result in "preferential treatment" for disadvantaged groups, such treatment espoused with the intention of realizing equality of opportunity as an actual fact in our society, a society in which the fundamental equality of all persons is already recognized as a professed ideal.

Since our laws are based on moral and philosophical considerations I thought it might be helpful to make these considerations a bit more explicit with the aim of seeing how they could be used to justify and support income maintenance or full employment programs. We have so often heard that all men are endowed with the inalienable rights of "life, liberty, and the pursuit of happiness", that the actual meaning of these words sometimes gets kind of cloudy. What precisely do we mean when we make this claim that equality of opportunity is a fundamental human right?

Ultimately this claim is based on the formal principle of justice, that those who are essentially or significantly similar should be treated in the same way. This is a very weak egalitarian principle though, because it specifies neither which characteristics are essential, nor what treatment is appropriate. Although human beings often appear to be more unlike than like, two characteristics come up as candidates to meet these criteria - these are universal human capacities and universal human needs. Human beings are alike in that they all have the capacity to feel pain and affection and to develop as moral and rational agents, capable of self-determination, development and

fulfillment. Although it could plausibly be argued that some people have greater capacity in these areas than other people, the fact that all men at least have some capacity is sufficient to justify the claim that each person should be allowed to develop whatever potential he or she has. Moral worth or dignity, derived either theologically or humanistically from the assertion that all men have the capacity to develop their moral nature through rational self-determination, is the cornerstone of the formal notion of equality.

Man's positive potential for self-realization is then conjoined with universal human needs. All men are said to be equally in need of certain of these conditions necessary for the fulfillment of human nature. One of these conditions is the opportunity to develop as a rational and a moral agent. Equality of opportunity is thus described simultaneously as both a need and as a right, since all men are both capable of, and morally entitled to, the self-realization of their given nature. Providing such safeguards as will allow men to fulfill their nature then emerges as the appropriate treatment of human kind. Thus, the underlying rationale of the Constitution is that all men must be considered equally in respect to their rights because each man is equally entitled to self-realization, and self-realization is defined as the full expression and development of universal human capacities. Therefore, the substantive end of justice is the creation of a situation in which all have an equal opportunity to develop their human potential to the fullest. Obviously, our present situation falls a little short of this goal.

If equality of opportunity is actually to be the case, it is essential to distinguish between the actual conditions under which individual men act and the relative protections which are consequently necessary for them. Identical treatment is not necessarily appropriate or just when some individuals or groups would be at a disadvantage without special or preferential treatment under their unique circumstances. It is my thesis that unequal treatment is necessary in unequal circumstances if all men are worthy of equal protection and consideration in respect to an equal opportunity for self-development. At present, constitutional, statutory and common law afford all persons de jure equal protection in the exercise of their fundamental human rights. But in fact, men are not treated equally in this respect. Equal treatment, formally construed as identical treatment, simply obfuscates actual differences between persons and groups, which are such that only differential treatment will produce a parity of their opportunities for self-realization. Any principle empirically productive of equality of opportunity must take into consideration the initial position of those concerned. Therefore, the principle that I would propose is that those equally situated should receive identical treatment, appropriate to their right to an equal opportunity for self-realization.

If this principle can be justified, then we have a good grounding for income maintenance and full employment proposals. Even along strict utilitarian lines, where all desires are held to be equally valuable and the government is viewed only as an instrument for satisfying as many existing wants as possible, not for inculcating new ideals in society, I think that our principle could be justified. First of all, the problem with the utilitarian concept is that the maximum satisfaction of given wants in a society is not an adequate or a just principle in all situations. Any increase in the total satisfaction of wants is an improvement, no matter whose wants are satisfied.

Gross inequalities, even slavery, could be justified on utilitarian lines and this certainly goes against the sense of fair play.

Also, even if we said that some persons may satisfy more wants than other persons, just so long as all maintain a reasonable minimum standard of satisfaction, we will find that this standard itself is a relative concept. A standard of living barely above subsistence level and lack of quality educational and job opportunities may be justifiable if there is a genuine scarcity of the necessary goods throughout the society. But do they remain so in a society where there is an over-abundance of such goods?

Conservatives argue that state power should not be used for ideal ends, that all wants are equally valuable and that ideals, beliefs and tastes, etc., cannot and should not be legislated. They claim that it is futile to employ state power for ideal ends because character and belief cannot be changed for the better by political means, that only free, autonomous decisions will yield good results in these areas. The first claim is false. Only a few hundred years ago, slavery was considered both necessary and justifiable by an extremely large segment of the population in the United States. And the second claim is, itself, based upon an ideal, the ideal which has been behind the scenes since the conception of our nation.

It is impossible for the government to remain neutral between ideals. Wants depend on the social environment which in turn is, to a very great extent, dependent upon the government. Social and economic institutions have a legal basis and the choice of which kind of institutions is based on ideal grounds. The fact is that political, social, and economic institutions set up a particular structure of incentives, a structure which can be altered. To ignore the ideal grounds of any system is to opt for the status quo while evading responsibility for it.

Full employment and income maintenance could also be justified using another utilitarian argument. Large numbers of persons are effectively prevented from self-development and the ensuing contributions which they could make to society under the present conditions. Even on the strictest utilitarian grounds, it can be seen that the benefits of gross inequality are far outweighed by its costs. The waste of intellectual ability alone in a society which is increasingly dependent upon technology and technological skills is irrational.

Conservatives do not want government infringement upon their freedom, but the real question which must be raised is: "Of what value is freedom without adequate conditions for its use?" First things come first. Without the establishment of sufficient background conditions, freedom becomes a purely formal and empirically vacuous concept. Additionally, unrestrained capitalistic competition and laissez-faire systems negate their very aims because they fail to provide the minimum conditions in which any significant degree of liberty can be exercised.

Basically, conservative objections and arguments are all directed against the evils of despotism of a government entitled to interfere to any lengths in an individual's life simply because all have a share in it. Arguments for income maintenance or full employment come from the other side of the fence - they are directed against a lack of state intervention without which the liberty and freedom for self-realization of disadvantaged groups is a mere fantasy. The system as it supports the mistreatment of disadvantaged groups allows those in power to use them as means. An income maintenance

or full employment policy would both greatly lessen such treatment and, over the long run, be crucial factors in eliminating it as much as the elimination of such things is humanly possible.

When we talk about freedom and equality of opportunity, a distinction must also be made between a man's right to self-development and his power to secure this right. It is time that we found ways to make the rights of the disadvantaged in this country operative. A situation in which goods are distributed on irrational grounds or when one group is at a disadvantage which could be removed by a further action of society, is insufficiently controlled by reason of rights and hence, unjust, because even though the goods in question may not be able to be distributed equally, the opportunity to secure them can be. Presently, however, capable people are being unfairly prevented from developing their abilities and consequently from their right to full self-development. It is the initial situation of all members in our society which is unjust and must be rectified.

Few whites in this country would be willing to enter a lottery in which they had a random chance of being a member of a minority group in the United States. The crucial point is that the disadvantages of being a black, a chicano, or an asian american, are not natural accidents, nor are they irremediable. They are the product of past and present institutions and social practices which, for the most part, were and are operated by the white majority for their advantage. Since this is the case, such practices can be and must be condemned as unjust and a corresponding duty for action to rectify this situation arises. Justice demands a constraint upon self-interest due simply to the recognition of the other person with similar interests and capacities. In the special case of the disadvantaged, what is called for is not a sacrifice on the part of the great white majority in its best paternalistic attitude, but the assumption of a debt to be paid.

Norward Brooks

You're right, I can't see the forest for the trees, because I guess I'm right in the middle of what happens every day. As I watched the sequence of speakers this morning, I could see one of the problems that we currently have, just from taking random samples or just from using the laissez-faire system. We talked about inequities or the pervasiveness of inequities. If you start off with an order where you have two white males, two white females, one black and then another white male that means, as a minority community, we are pretty much left out. I think I'll speak for the minority perspective so I can give you a feel of that.

I'm concerned about full employment because if we go back in history, we've had it. How many of you remember slavery? And we have moved just slightly above that now, we've become indentured servants. And I think most of us here are just that. We receive a wage to perform a service. And we are so tied to the job that we have, and to the wages that we have, that we are not going to disrupt the system. Ninety-six percent of what we get in income comes from wages, so we can't afford not to work. If we don't work, we starve or perhaps the system will feel gracious enough to feed us. I'm sure the churches will carry on the Neighbors In Need Project and some of the others so maybe we'll eat. But we'd like very much to have the opportunity to work.

Yet when I look at the various aspects of full employment, when I look at the various aspects of equal opportunity, and what happens and how we get to it, I really don't see it occurring. We've had a part of the historical

perspective this morning, but there were also some other aspects to this. I don't know if you recall or not, but A. Philip Randolph also was active in what he called "fair employment" and there was a march on Washington in 1942, which forced President Roosevelt to pass an Executive bill, Executive Order 8802, which brought about fair employment. That means that we had equal access to jobs. Unfortunately, in a subjective way we were not qualified and since we were not qualified, even though we had the equal access, we never got the jobs.

That was followed with the Civil Rights Act of 1964 and Title VII, which also says that discrimination is not allowed. That was followed with the Voting Rights Act and the Equal Opportunity Act which was also discussed today. Even though we have all of that, which tells us that after all these years we should now be equal, when I look at statistics, I find that's not true. Only six percent of the black population comes close to being equal in terms of income, and in the statistics of 1970 this group, the black family of which the age is not more than 35, received 96 percent of the income received by their counterparts in the white society. Yet, when you look again in 1973, that had dropped again to 93 percent. If you go back to 1960 or 1965, or thereabouts, there were quite a few uprisings. As a result of that, we had better job opportunities. Out of that, the black population in the early 1960's had an income which was at 58 percent of the white population's income. In 1960 that had increased to 61 percent of the income of the white population. In 1975 we're back to 58 percent. We have lost ground.

This reminds me so much of Reconstruction. You know, we had Reconstruction in 1865. Everything was beautiful. We didn't have slavery and we were smart enough because they had the troops in the South that enforced the voting act and as a result of that we had blacks in the Congress. We had black senators. I think two state senators from Mississippi were black. I know that for a short time the Governor of Louisiana was black, because he signed the bill that started Southern University, the school that I finished from. We had black people in Congress, something like 18 or 19. Ten years later, 1875, there was a compromise made, and in that compromise we lost everything that we had gained. In 1965, we had a second Reconstruction. In 1975, we were right back where we started from.

The Equal Opportunity Act says that we should allow for affirmative action. One of the tools that we use is to develop affirmative action plans. All that affirmative action plans have done to date is to provide federal dollars to local governments because they have in fact completed, on paper, a plan. As a result of those plans we find that there are all kinds of court cases. I guess the most famous of these is the De Funis case, which says you can't look at race or sex or anything else in making selections. Reverse discrimination is the new title of what we hear. Then when we begin to look at the Administration's economic position, which talks about a no-growth economy because we want to control inflation, we begin to worry about jobs, the jobs that we currently have. Then we get into seniority systems. We're given equal opportunity to be the first fired because we happen to have been the last hired.

What does full employment really mean? Does it mean we're going to have the opportunity at the low level jobs that no one else in society would like to occupy? Or does it mean that we're going to be given the opportunity, as I'm sure it's perceived, that we should be able to be at every rung of the

economic ladder and be truly represented? I have looked at the impact of public service employment and what I see, even after all the jobs that have been created, is that there is still a 14 percent unemployment rate among blacks, and double that among black teenagers. That's the ones that we count, and I think that if we actually took an accurate survey we would find that about 40 percent of the black population is unemployed. Yet we have emphasized full employment, equal opportunity.

There is also another statistic that bears looking into. That statistic says that 47.5 percent of wives work; that a high percentage of those wives working come from high income families. So as we provide more jobs and as we insist that the jobs be filled with the best qualified person, we are in fact increasing the income of the middle and upper classes, while the disadvantaged in the lower class continue to suffer. We still have 9.7 percent of female heads of household unemployed. 9.7 percent.

So I am saying that we need to not concern ourselves with equal opportunity. We had better start concerning ourselves with equal outcomes. If we have put together an affirmative action plan that says we are going to have representatives of the population at all levels, managerial, professional, clerical, you name it, then we want to say that those numbers are there and it means something. And if the qualifications to be president of the University of Washington are that you have a Ph.D. and 20 years experience and if that's what it is for every university in the country, and we have a commitment that we want one woman, one minority; or whatever we say we want as an outcome, then I think it's up to the society to either find that person and put them there or train that person on the job, or however they do it, so that they could fill the position.

That's very contradictory to what we're talking about, because we have to deal with qualifications, and we fight that every day. But, as long as minority groups represent only 10 percent of the population in sheer numbers, that minority is not going any place. They told us to get a college education. And, the black population output out of colleges has doubled. We have twice as many black people finishing college. Yet, even at that rate, there are three times as many white males finishing college as all of the black people in the country. And there are twice as many white females finishing college. So, just on the basis of numbers, we're going to be left out.

So again I say we want equal outcomes. Given equal outcomes, we'll begin to look at how we put together full employment programs and full everything programs because you know it doesn't do us much good to have an open housing bill which we marched for, if we don't have jobs and cannot afford to move out in the suburban areas and make the payments. It doesn't do us any good to talk about having decent schools in the outlying areas when we can't afford to send our kids other than to the school next door which everybody has defined as being inadequate. It doesn't do us any good to have all kinds of jobs available if, when we go up to look for them, they tell us, I'm sorry but you're not qualified.

Abraham Keller

There is an entertaining passage in which Rousseau, speaking of equality of opportunity, which by the way more than two hundred years ago he was smart enough to characterize as very misleading, talked about the case of a dwarf and a giant walking along the highway. They are told that they must keep strictly in rhythm. With each step, of course, the giant gets farther ahead. So much for equal opportunity.

I think your Planning Committee did pretty well to settle on French literature as one of the topics. French literature is full of discussions of equality and inequality. If you just think of the slogan of the French Revolution, you have it. You all know what that is - I would translate it Freedom, Equality, and Brotherhood. And, if I may go back to the 16th century, which is the period of French literature that interests me most, I'll mention Michel de Montaigne, who wrote essays and is even sometimes considered the inventor of the form. He tells us that in 1576, which is exactly 400 years ago, he attended a sort of press conference, you'd call it. There was an Indian from Brazil who had come to France and people asked him what struck him most. He said, according to de Montaigne, "It's the fact that so many people who have too little to eat don't cut the throats of their richer halves". This is the way this Indian expressed himself, "halves". You can also think of it as "haves". In his country, he said, those people would have been cooked and eaten. This is just to give you a little notion of the contribution of French literature to our subject.

I would just like to add, as a parting note, that the thing that has struck me most in this conference, trying to absorb all of the things that I've heard, many of which are new to me, is the extent to which we accept the

most ridiculous, outlandish and unreasonable things and we somehow get used to them. We get into a groove and we accept poverty when there's plenty for everybody, or ought to be, and we accept the idea of spending enormous fortunes on armaments when there are useful and important things needed. It's a very discouraging prospect. I don't know what the solution to that is, but I think maybe being aware of it is the first step, just the way, if you are sick, it's important first of all to realize that you are.

EXTENDING EMPLOYMENT OPPORTUNITIES - WHO AND HOW?

Thaddeus Spratlen

Miner Baker

Robert McPherson

Larry Flinn

CLOSING

THE GAP

FOR

MINORITIES

Thaddeus Spratlen

I'd like to say a word of praise before making the comments that I have prepared. As I have the privilege-not always a pleasure-some sessions as you know can be terribly painful, to hear economists address the issue of full employment, I must emphasize very strongly that rarely have I heard the kind of candor, the warmth, and the real insight that Sumner Rosen shared with us. I certainly want to extend special appreciation to him. He made a word of caution to which I would like to add a footnote. He said when you are listening to specialists you might always question whose payroll they are on. I think that is a caution well worth noting. I would say also that it would be a good idea always to question assumptions and values because you could parade a very large number of economists across this podium and get reams and reams of technical reasons why the very things that he was so directly and frankly supporting simply could not be. But if you question what kinds of assumptions and values are being expressed you can get some insight as to the persons' credibility.

What I would really like to do is to pick up on a couple of things that have already been mentioned. One point relates to Norward Brooks' concern about the special situation of blacks and minorities, those large segments of the so-called secondary labor market. There are various kinds of labels that we use to describe individuals who may be either less experienced, less credentialed, or all of the things that so often employers are looking for. I'd like to make some backup comments on that and to emphasize two or three points about some things that really need to be changed if we are in fact to have the term full or fuller employment or maximum employment really apply to minorities.

I think we should recognize that it's only been in the last half a

century, about the time of World War I, that we find minorities, and this refers primarily to blacks, in urban labor markets in any really significant numbers. There has been an ebbing and flowing of opportunities and reversals. In periods of a tight labor market job opportunities really increase for minorities. That cyclical process really began around World War I. For two or three years, extending into the 1920's, there was some urban migration from the rural south and, for a period of several years, there were increasing opportunities for urban workers. Then, of course, along came the disaster of the 1930's. But even if you look at the measures that were applied in that period, one black economist has pointed out that not only was over a quarter of the black labor force unemployed during the late 1930's and 1940, but between 15 and 20 percent of those were not even engaged in work relief programs.

The next upswing occurred in World War II, a period of prosperity, which lasted through the Korean War. Then you certainly would get into times familiar to all of us in the recession years, the Eisenhower years, the 1950's. The point that I want to make is that from the time we have been keeping statistics the level of unemployment for blacks has been in excess of the general prevailing level of unemployment. That is to say, even if we were to take a peak employment period, like 1953 at the peak of the Korean War, when the unemployment rate was about 2 percent to 2.7 percent, the unemployment rate for blacks and non-whites was about roughly 4½ to 5 percent - recession conditions.

If you follow that through, even though it has fluctuated in the range of 5 to 6 percent, and recently 8 to 9 percent, one of the important aspects is that the unemployment rate for youth is about 40 percent, or about four times what it would be for the general labor force. This has been sustained for such a long period of time that a generation has grown up without any experience of what it means to be productively and gainfully employed; this in an economy that prides itself on the work ethic. Just think what that really means psychologically, what it means economically, what it does to the individuals that are affected. That kind of unemployment is what we are really talking about.

If we are going to ask whose responsibility it is, I think I would want to speak to those who are really here, and to deal with what we can do to try to address the issue of fuller employment, maximum employment, and especially to close that gap.

One of the main things is to change the attitude of acceptance of dual standards. We have one standard for whites, one for non-whites. You will find many references to full employment and to increasing the level of employment but rarely will you really find mention of that permanent gap. It hasn't mattered whether we are talking about prosperity or recession, that gap, of roughly double the level of unemployment of that of the general labor force, is what you're talking about for non-whites. And we've come to accept that.

You will see statements saying we won't get to a level of unemployment less than 5.5% until 1980. Arguments are advanced about the inflationary kinds of consequences of achieving that. If we really are prepared to accept that condition, it means continuing a permanent recession in minority communities all across the land. That's what it translates into. Nothing more, nothing less. It seems to me that by placing the need to change this on the agenda of participating groups in this conference, we have made an important beginning.

And, as a conference to disseminate information, to share ideas, to address and challenge priorities, it seems to me if we recognize and set some modest kinds of objectives for what a conference can achieve, then certainly this is what we are about.

My second point is that there are several, what I would call ideological and social, views that should be a part of our agenda for change. One certainly is a recognition that full employment is possible. Obviously I think that the preference for most of us here would be the "serious" or the third definition that we had laid out for us by Dr. Rosen. Second, that full employment requires planning and third, acceptance that full employment will lead to job and income gains for the most needy segments of the work force. Again, I repeat my insistence that dual standards be put aside and that there must be a willingness to support government's role as job guarantor when the private sector is either unwilling or unable to provide employment.

The other point that I would stress is that we certainly must work to break the stranglehold of the kind of racism referred to earlier, that is, putting forth credentials that may or may not be related to the job; the requirements of experience whereby the entry level and all others are essentially blocked so that there is a cyclical pattern of exclusion where you can't get the experience so you can't get the job. That applies not only to racism. Sexist practices would accomplish basically the same thing and where that isn't the case, we can even throw in some elitism. Basically, again, what kind of diploma do you hold? What kind of social situation are you really from, or what connections do you really have? To some extent those are probably part and parcel of the market place but certainly working to do what we can to both recognize and combat racism and sexism should certainly be a part of our agenda.

It seems to me that the critical point in terms of some sort of action has to do with resource and power redistribution. Obviously in the confines of the podium and the conference, the particular strategies of that would be difficult to really map. I suspect what will happen is that each of the kinds of different organizations can build on the materials, the ideas, the people, and out of that forge the kinds of coalition or coalitions that we've heard mentioned in various forms. I would say, especially in trying to renew and rekindle a sense of struggle, that I'm sure that all of you are aware of how easy it is to find those who are simply bought off, in whatever form that takes. What that means is a reduced appreciation of a sense of struggle. The acceptance of token kinds of advancement simply means that some people may be lost to the struggle. What is important is for people to share in whatever gains there may be according to their preparation. I would emphasize, as we were recently told at an Urban League meeting, that we would probably find that the progress would not equal the actual preparation but I think the fact that that tends to reduce the sense of struggle is unfortunate. Obviously we're all in this, really, together.

One final point that I would like to emphasize is something that we haven't heard much of, but which I think is very appropriate to remind ourselves of. About 15 years ago Whitney Young proposed that there be a domestic Marshall Plan. We are approximately one month from the fifth anniversary of his untimely death. I think it might be useful, in the context of making a suggestion of the kind of thinking, the kind of vision, the kind of leadership if you will, that is still needed, to remember that he proposed that we at least do as much for ourselves, as a nation, as we have done for war-torn

Europe. In his words, "The domestic Marshall Plan would provide a means of helping to reverse the results of discrimination, through public and private efforts that would provide black citizens with the leadership, education, jobs, motivation, and opportunities which will permit them to help themselves ". He realized that if parity is ever achieved, the total economy would be stronger, urban deterioration would be stopped and the country would be both more stable and more just. Indeed, as his career symbolized, under those circumstances there would be more equality for all of us.

As a concluding note, let me say that if we are talking about how we can use the conference and what we can do, it seems to me that by picking up at least a single thought or a strategy or focus, whether it be on the importance of planning, whether it be on support for Hawkins-Royce, whether it be on organizing a local community group, there is something in this kind of conference for anybody who has a really serious interest in trying to effect change. We all recognize that we're talking about minimal impacts, perhaps, but a lot of minimal impacts combined would certainly help us move faster and closer than we otherwise will to the objective of more equality, full employment, and adequate income maintenance.

SOME THOUGHTS ON INCOME MAINTENANCE*

Miner H. Baker

Last weekend my wife prevailed on me at long last to sort through two large cartons full of University of Washington Dailies and other memorabilia which have been occupying closet space for 40 years or more. One of the items which caught my eye was a headline reading "Legislature puts $400 ceiling on faculty salaries". That was 1933, and my recollection is that $400 was a pretty fat salary. The graduates coming out of school, when they could get a job, were happy to accept $75 a month.

I do not propose to deliver a lecture on inflation. Our wages and our total output have come a long ways and not all of it has been inflation. The gross national product this year will be on the order of $1,670 billion, a 17-fold increase in a 50 year period. We all know that the dollar of 1976 is not the dollar of 1926, but the real growth nevertheless has been 4.5 times. There are more of us, too, than there were 50 years ago; but in per capita terms real GNP still has increased 2.5 times. Some will say that this cannot be true, and others will say that it is not important. I disagree on both counts. True, we do not feel two-and-a-half times better off than the American of 1926. Neither has this growth improved equality -- not substantially, at least -- but it also has not lessened it.

Why, then, don't we feel two-and-a-half times better off? Partly because the change has been gradual and taken for granted. Much of it is measured by new products -- television, obviously; one car for every two residents instead of one for every eight; central heating; frozen foods; wash and wear fabrics; medical advances; direct dial telephones and a hundred

*Mr. Baker opted to discuss income maintenance rather than costs and benefits of full employment.

other small conveniences. Does this make us better people? No. Happier? Not necessarily. But nevertheless, the advance in our standard of living is important. Ours is the only civilization in history with the potential for providing comfort for all without the necessity of one man standing on another's back. We have come this far essentially through a profit-oriented system, and I do not want to see the system destroyed in efforts to improve on it. There is more than a little danger of killing the goose which lays the golden eggs.

On this program I seem to be a stand-in for some of those who have been referred to from time to time throughout the day as not being here. I am cast in the possibly unsympathetic role of defending the profit system. Let me start out with three concessions, in return for which I will ask you to consider a couple of propositions of my own. The concessions:

(1) The economic system should be able to provide employment for substantially all of those who are able and willing to work.

(2) It should also provide a floor of economic security for those unable to work, unable to find work, or even plain unwilling to work. (The last, I realize, is a rather extreme position, but a logical one if we are going to avoid the necessity for an army of social workers. I am persuaded, moreover, that there are some individuals who can make their greatest contribution by staying out of the labor force.)

(3) The present welfare system is inadequate, often inequitable, unnecessarily complex, demoralizing to recipients, and destroys incentive to work.

In return I ask you to consider the following:

(1) We have in fact had a massive increase in welfare expenditures, broadly defined, not only since 1926 -- when for all practical purposes, there were no such expenditures -- but just since 1960. In dollars the increase since 1960 has been from $23.5 billion to $131.6 billion. As a percentage of total government expenditures, the increase has been from 16.3 to 28.2 percent; as a percentage of the gross national product, from 4.6 to 9.4 percent. Some attribute this trend to be a major cause of inflation. I do not see it as a major cause, but certainly as one factor.

(2) Whatever we possess, rich or poor, necessarily is a result of production. This suggests that whatever changes we make should be in the direction of strengthening incentives -- incentive to work, on the one hand; incentive to invest, on the other hand, since it is investment which creates jobs.

How did we get into a situation in which tens of millions of families and individuals receive all or part of their income from the government, and where we are proposing that this coverage be substantially broadened. Throughout most of our life as a nation, self reliance was regarded as a prime virtue. At that time, however, we were heavily agricultural, there was plenty of frontier available, and any able bodied man could somehow make a living for his family. One more thing was different. By and large, the family took care of its own -- its own aged, disabled, incompetent, etc. The very success of our economic system, however, made us less independent. The farm gave way to the factory, and the factory increasingly to a preponderance of employment in distribution. Now the average worker is dependent on a job; he lives

better than before but he has less security.

The one economic cataclysm, of course, which changed our world forever was the great depression. We had had business cycles before that; our grandfathers in fact regarded them as rooted in the nature of man and representing punishment for our sins. The concept of sin is not as popular as it was once; but even if it were, the prospect of another great depression would be just too much. It can be demonstrated that the cost through loss of production in the 1930's was greater than the total amount we spent on World War II in the 1940's. Even in demographic terms, the number of babies not born because of straitened family circumstances in the 30's was seven times the number of Americans killed in World War II. This kind of visitation could not be accepted meekly. And then came Keynes and a number of later economists to suggest that it was not necessary. Today almost no one contests the desirability of regulating business cycles and of providing security both in recession and prosperity. In this context, then, what about income security?

The National Urban League has endorsed the principle of a negative income tax (or credit income tax, as they call it). I find the concept rather intriguing. The question, of course, is cost. The Urban League offers several alternatives, none of which in my opinion is adequate, although all would provide a higher base than present welfare. Alternative A is a tax credit of $1,500 per adult. Alternative B adds a $300 tax credit for each child. Two other alternatives are basically the same but differentiate by age and family size. I tried for size a formula of my own -- $2,000 credit per adult and $750 per child; or, if you please, $5,500 for a family of four. The tax rate required to fund such a plan, plus the other costs of government, less the present welfare programs which would be replaced, works out to be 45 percent.

Before I comment further on the cost, consider how this tax rate and the tax credit would apply at various income levels. Again I used the family of four as an example.

No income -- no tax, $5,500 credit, net income, $5,500
$5,000 - tax, $2,250; tax credit, $5,500; net income, $8,250
$10,000 - tax, $4,500; tax credit, $5,500; net income $11,000
$20,000 - tax, $9,000; tax credit, $5,500; net income $16,500
$50,000 - tax, $22,500; tax credit, $5,500; net income $33,000

The total amount of income redistributed in such a plan would be $58 billion. I am forced to conclude that this is too large a chunk to be swallowed in one bite. Nevertheless, it impresses me as the direction in which we could move in a number of stages, hopefully with the cost absorbed through growth in the economy rather than robbing Peter to pay Paul

Any credit income tax proposal obviously poses a number of problems.

(1) What programs would be eliminated? Obviously AFDC and OAA. But what about OASI, unemployment compensation, veterans' benefits, and disability benefits which in many cases pay more than the minimum and in others should, in all fairness, be supplements to the tax credit approach.

(2) What income would be taxed? Generally, proponents assume that all deductions would be eliminated. Do we really want to institute a tax on taxes, however, or remove the deductions for charitable contributions? Then there are less obvious items

like interest paid and the treatment of capital gains, both of which have some logic in their favor.

(3) Would you make allowances for regional differences in cost of living? What about the cost of living in general? Would an escalator clause feed the very inflation it was designed to protect against?

(4) If the middle and upper middle income levels were hardest hit by such a plan, as seems likely, would this occasion an inflationary push on their part to recover the income lost?

(5) We talk always in terms of annual income, but the payments would have to be at least monthly and might prove to be an administrative monstrosity.

(6) What degree of progressivity is desirable? Not that a flat 45 percent rate would in fact be progressive because of the manner in which the tax credit would operate. A good argument could be made, however, for starting at less than 45 percent at the lowest taxable incomes and probably for running to something higher than 45 percent in the top brackets. I would argue against going all the way to the 70 percent which is established in our present tax schedule -- particularly with the elimination of some of the deductions -- because the after-tax income available at that level is an important source of investment capital. Lest there be any misunderstanding, I assure you that this does not affect me personally. Incentive is needed at the lower levels too - incentive to work - and this would be accomplished by insuring that the individual can retain a major share of every dollar earned.

Let me say a few words about profit and investment. Everything which we enjoy in our standard of living is the result of investment -- in farms, in factories, in utilities, in stores. Two things about investment. We have been doing a lousy job of it in the postwar period; and the reason we have been doing a lousy job is because the quality of profits has been deteriorating. You will recall that 1973 was a rather good year economically, the peak of the last business cycle. In that year, this country devoted 15 percent of its national product to investment. The comparable figure for West Germany was 25 percent; France, 26 percent; Japan, 37 percent; and even the poor battered U.K. ran ahead of us at 20 percent. If 15 percent still seems to you a relatively high figure for investment, please note that by definition it includes consumer investment in residential building as well as business investment in plant and equipment. The figure for business alone was 10.4 percent of gross national product.

About the quality of profits. Reported corporate profits in 1974 reached an all time high of $141 billion. One-third of that total, however, derived from the increase in dollar value of inventories between the time they were purchased and the time they were sold. Corporations had to pay tax on this misleading profit and then replace the inventories at the new higher cost. When you make allowance for this, and deduct the tax actually paid, it reduces the $141 billion to $50 billion; and of that $50 billion, $33 billion was paid out in dividends to stockholders, which was necessary to retain their interest as investors.

Where else can business get money for investment except through

retained profits? Well, we have capital consumption allowances (depreciation and amortization), new equity capital, and borrowing. We have, in fact, liberalized capital consumption allowances in recent years, but only in terms of the time over which investment may be written off, not in terms of adjusting the amount of the allowance to reflect the cost of eventually replacing the item which is being consumed. Thus there is never enough cash flow at hand to both replace what is being used up and add to the capital stock. Accordingly, in spite of apparently record profits in 1974, American corporations had to borrow 11 percent of their requirements for investment. Everyone understands the concept of real wages; very few think in terms of real profits.

The great merit of the profit system is not that it is fair or just. Throughout our history we have found it necessary to modify or restrict its operations in a hundred ways -- child labor laws, anti-trust, safety regulations, product quality, environmental considerations. No, the great merit of the profit system is that it is productive and automatic, that it does a superior job of allocating resources, and that it has been able to absorb all of these modifications and still do its job. It can also absorb an income maintenance program provided we do not destroy the incentives to produce and invest.

THE ROLE OF THE PUBLIC SECTOR

Robert McPherson

My first job this afternoon will be to explain the difference between a consortium and a bank or a church or a university. A consortium is not well known and I think that's my first obligation. The King-Snohomish Manpower Consortium is an organization of nine units of local government in this area, two counties, and seven cities, that have joined themselves together for the purpose of planning and delivering manpower and public employment services to the residents in this area in need of those services. You may have heard of us indirectly if you've heard of CETA because CETA comes to the local level through the King-Snohomish Manpower Consortium. CETA is the Comprehensive Employment and Training Act and that provides approximately $50 million in this two county area for manpower training and public job creation. The most popular part of CETA, of course, has been the public jobs program because, I think, in many ways it's the most visible and it's the one with which local governments in many cases are most concerned.

Now, my topic is a broad one, "The Role of the Public Sector". First of all, I don't even know how to tell the difference between the public sector and the private sector in this economy. What should the role of the public sector be? There are as many different opinions of that as there are people in this room. So what I'll try to do quickly is to state what I think the most obvious role of the public sector is, and I'll define the public sector for our purposes here as government. I think it's the role of the government to provide the political and the economic environment which is conducive to assuring that there is a job for every person who wants a job.

Now how do you do it? And this will suffer from simplicity, but

I think there's something to it. First, you simply establish full employment as the number one national priority. Second, you use the economic tools and the policies that you have. You manipulate national fiscal and monetary policy in a complementary fashion to achieve the goal of full employment. In short, you guarantee that the effective demand for labor is commensurate with the supply, that number of people who are actively seeking employment. After you've established the priority you manipulate your macro economic goals, policies, tools. Third, I think that government has an obligation to provide basic education, skills training, to those individuals who want to work, but at the present for one reason or another do not have the required skills. Fourth, I think it's the obligation of the government to administer affirmative action, equal employment opportunity programs, to assure movement toward proportionate representation of formerly underrepresented workers at all industry and occupational levels. Now, any one of these four could provide the basis for a conference, for a curriculum that leads toward a college degree. But here, in an effort to pull something together that is manageable, I want to concentrate on the two of those four. I want to concentrate on manpower, human resource development aspects, and on public job creation.

I'll deal with public job creation first. On the demand side private plus public sector opportunities should provide jobs for all of those involuntarily unemployed. I will subscribe to that position as long as we continue to link income and jobs. When we are willing to separate the two I will change my position. If there are not enough jobs in the private sector then we create enough jobs in the public sector to provide full employment. You can call it counter cyclical, or whatever term you might choose to use.

Let me digress a minute. Look at current policy in this country as reflected in the federal budget decisions. In federal fiscal year 1976, we'll spend $20 billion on unemployment insurance. We'll spend $2 billion on public job creation. Now that's a fact. You can set the rhetoric aside. This policy decision clearly opts for subsidized unemployment rather than subsidized employment to the factor of ten. I favor subsidized jobs over unemployment insurance. With the current public jobs effort in this country we have created maybe 310,000 to 340,000 public service jobs. This is done in an economic environment where seven to eight million people are unemployed and looking for work under the current methodology of measuring unemployment. This effort has been hailed as counter cyclical. Yet, in fact, it's funded at a level which guarantees that it will have little impact on the absolute number of unemployed or on the unemployment rate.

Second, of the four that I mentioned originally that I want to touch on, manpower development, the investment in human capital, human resources development, whatever term you might choose. I call it the supply side. I believe that it's a very clear obligation of the government, state, local, federal, to provide education, training, re-training, of the actual potential labor force. The changes in the demand for labor have created structural problems in this economy which bear disproportionately on those people seeking work. If the unemployment problem were spread proportionately through all classes and all members of this society, I suggest that it would not be a major problem. But it's the fact that it is not spread proportionately that creates a major problem from the standpoint of manpower. The mix of industries and occupations required to produce the product has changed significantly.

The result has been less demand for labor for a given product, but more importantly a different kind of labor being required to produce that product.

Since we are talking about the public sector another digression might be in order. There's been a major shift in this country, and you can date it with whatever statistics you have, but somewhere around 1960-1961 this country definitely shifted from a goods producing to a service producing economy in terms of where the jobs were. Within services the major growth area was government. And within government or the public sector, state and local government has had the most rapid growth rate. In 1947 state and local government comprised 65 percent of total public employment. In 1975 state and local government comprised 81 percent of total public employment. There's a growth industry. There's a growth sector that can be managed and I think we have the obligation within that growth sector to do more than just create public jobs but to provide access, to provide skills training for individuals so that they can enjoy, if you will, their first employment opportunity in the public sector.

I've never agreed with an article written one time that said that the government should be the employer of last resort because I think that's insufficient. I think for the kinds of people and the kinds of unemployment we're talking about, the government, in many cases, should be the employer of first opportunity. And think about that just a minute with me, if you will. Those of us who have had access to the educational system at minimal cost, a subsidized service if you will, who managed to go through law school, managed to go through medical school, many of those people found their first jobs, not in the private sector, but they became assistant District Attorneys, they worked for the Public Health Service, they worked for the National Labor Relations Board, and they got their first work experience in the public sector. What we hesitate to do is to extend that opportunity to all classes in a proportionate way, however you want to define the classes, however you want to cut them. We're not willing to share that with many people at the bottom end of the scale, at the end of the cube, whether you define that in economic or social terms.

Conclusions-three. The role of the public sector in terms of full employment or creating jobs is inadequate, the role that currently is being played. Millions of people are unemployed, seeking work, primarily I think, if we were honest, for the purposes of earning income. Until we're willing to share the income transfer advantages and techniques available to the wealthy and enjoyed by the wealthy, I advocate that we owe them a job.

I mention quickly and briefly a third point and I am sure it has been mentioned here and discussed - if it has not a major error has been made. That's something called HR-50, the Full Employment and Balanced Growth Act of 1976. I want to read a paragraph from the blue sheet which accompanies that legislation:

> "The Full Employment and Balanced Growth Act of 1976 establishes the right of all adult Americans able, willing, and seeking to work to opportunities for useful paid employment at fair rates of compensation. To support that right, the act commits the United States government to fundamental reform in the management of the economy so that full employment and balanced economic growth are achieved and

sustained. This includes the creation of a permanent institutional framework within which the President, the Federal Reserve Board, and the Congress are systematically encouraged to develop and establish the economic goals and policies necessary to provide productive employment for all adult Americans, as well as mandating specific employment programs to achieve the goal of 3 percent unemployment as promptly as possible..."

For something put together by a committee, it's not that bad.

INCREASED EMPLOYMENT - PRIVATE SECTOR INITIATIVES

Larry Flinn

Much has been said during this conference about what government can do to increase jobs. The private sector is having an increase in consciousness or awareness of what initiatives it may undertake to increase employment as well. In the last five to ten years we have all either observed, experienced, or participated in a number of gross indicators of some problems. We've heard reported unemployment rates from 8 to 12 percent. We know that in many areas it is 50 and 60 percent. We've seen legislation introduced to solve problems which in fact created more problems. Government has experienced greater demands for services with less tax revenue to provide those services. We've seen some make work jobs that have gone well. We've seen many that have failed. We've seen rapid government growth. With this there has been an increased consciousness over this nation that business has a growing responsibility to share in solving the unemployment problem.

It may be that the transition that Mr. McPherson talked about, in the 1950's or the 1960's, from a commodity or product market orientation to a service orientation, was missed by business. Maybe some of those services that are provided by government today could well have been business ventures if business had been oriented to that during the transition period.

There are two levels of increased consciousness to which business in this community is giving increased attention. The first is an increased responsibility on the part of business evidenced by the addition of more service oriented businesses. Second, a growing consciousness on the part of

the business community of a social responsibility for the people and the communities where their businesses are located. I feel that the initiatives by the Leckenby Committee, over the past two to three years, indicate some positive commitment and interest on the part of business within our region to address both of these increases in awareness.

I'd like to share with you four points on what this particular community has been doing over the past two to three years and relate where we are now and where we plan to go. First I'd like to share the general background. Secondly, I want to present a summary of the Jobs Conference held in October of 1975. Thirdly, to present to you the Private Sector Employment responsibility and fourth, to obtain from you some comments to some open-ended questions to which we want your input for the planning mode in which we are currently involved.

During the past three to five years there have been many diversified efforts on the part of business and communities to work together to increase manpower training programs and to increase employment within the communities. This was part and parcel of the increased awareness, interest, participation, and commitment of business which culminated in the October 23rd Jobs Conference.

At the Jobs Conference there were over two hundred business and educational leaders. The real question and issue before the group was, "Are we serious?". Is business really serious about participating in and helping to solve the unemployment problem? There was unanimous consensus that business was interested. That conference concluded that an agency should be organized for the purpose of initiating a combined effort of business support to the community. As a result of that conference the agency Private Sector Employment was formed. The term PS85 is synonomous with Private Sector Employment - PS85 being an acronym for an 85 percent level of private sector employment by 1985 within the Puget Sound region. That is pretty much the goal statement for the effort.

A few words about Private Sector Employment. I'd like to talk about three general areas - what we are at this point, what we are not and what our general plans are. On the subject of what we are, we are a non-profit corporation, charged to provide educational and community services. We were officially organized in March of 1976. Our approach is that community problems are largely a product of high unemployment. Our goal is to increase private sector employment in the Puget Sound region from 80 to 85 percent by 1985. As we conduct our research and get some of the information that we need that target may change.

A general attitude I'd like to share with you is a statement made by one of the top management people from the Tacoma branch of Xerox. He stated that for many years business has been criticized for profit maximization objectives. Xerox has added a new measure, percentage of return to the community, which characterizes their attitude and some of the initiatives that they are taking to return money to the community. The company feels some obligation to put back a percentage of the money they pull from the state of Washington. I cite that as just one example. Our intention then is to be the agency that represents the private sector business and industry for the Puget Sound region which extends from Olympia to Bellingham and from the shoreline to the Cascade rim.

What we are not. We are not an employment office and we are not a

big money bag. The problem of unemployment didn't occur overnight and it's not going to be solved overnight. We want to identify one or two major things that we can begin to do to have an impact and then build on that as our experience and relationships with the community mature.

Our general plan is to develop an active and a productive partnership between the private sector and what I would call the independent or the community sector, to assist community based self-help initiatives. We feel that, like government, which has often been criticized for running independently with no one really overseeing or coordinating governmental activities, some of the community initiatives which have been run independently could be more efficiently managed if there was a coalition approach. One of the things that we can do is to provide a research function to identify community priorities and to identify the various independent groups which are interested in some common employment problem - be it youth, age, minorities, or whatever the thrust may be. We could serve as a catalyst to bring together those groups, recognizing that there are some overlaps and some gaps between the various initiatives of these independent groups, many not knowing what the others are doing. We can, perhaps, through coordination and serving as a catalyst, broaden the capability of these independent initiatives through teams or coalitions which can each help one another by sharing resources. Where gaps occur maybe we can bridge the gaps. The functions we expect to perform initially are research, serving as a catalyst, a coordinating agency and providing support as needed.

Project Private Sector Employment has seven major areas that may be of interest to you, with some activities going on in four of these currently. Our approach is to develop coalitions and to work with those coalitions, hopefully expanding their ability to deliver independently as well as collectively. The seven areas that we are currently involved in are youth, housing, corrections, veterans, handicapped, volunteerism, and cooperative education.

As far as future plans go at this point we really have more questions than we have answers. During some of our preliminary work we have found that there is no information available for some of our questions. Currently we have a research project under way to paint the picture of the past and the present and to make some projections about future unemployment in our region. We are forming our board. The third major thing you should be aware of, because of our concern for the community input, is that an advisory forum has been organized representing a cross section of the community to serve as an advisory and an input source to our office as well as our board for planning purposes.

My fourth point is that I would like to get some feedback from you. I have a number of questions. The major question is, "What problems do you see for increasing private sector employment?". Another is, "What information do you have that would be helpful to us in planning for groups where information is not available?". Third, "What projects would you suggest Private Sector Employment should be involved in?". Fourth, "What efforts do you have under way that Private Sector Employment might assist?". Fifth, "What else do you think Private Sector Employment should do?". Last, "What do you think we shouldn't do?". Any other comments or suggestions would be very welcome.

SUGGESTED READINGS ON INCOME MAINTENANCE AND INCOME INEQUALITY AND FULL EMPLOYMENT

SUGGESTED READINGS ON INCOME MAINTENANCE AND INCOME INEQUALITY

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